

**SCHEDULE A**  
**ANNUAL BUDGET**  
**AND SUPPORTING**  
**DOCUMENTATION**  
**OF KWA SANI**  
**MUNICIPALITY**

# **ANNUAL BUDGET OF KWA SANI MUNICIPALITY**

**2013/14 TO 2015/16  
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act
CBD	Central Business District		Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
Dora	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		



## Part 1 – Annual Budget

### 1.1 Mayor's Report



KwaSani Local Municipality is pleased to officially present its 2013/14 Draft Budget where we report on how the municipality anticipates to ensure that Service delivery priorities, as identified in the Independent Development Plan (IDP) are funded and implemented, in terms of section 21 (2) (a)-(c) of the MFMA which states that “ when preparing the annual budget, the Mayor of a municipality must”:

- a) Take into account the municipality's Integrated Development Plan (IDP)
- b) Take all reasonable steps to ensure that the municipality revised the IDP in terms of section 34 of the Municipal Systems Act, taking into account realistic revenue and expenditure projections for future years
- c) Take into account the national budget, the relevant provincial budget, the nation government's fiscal and macro-economic policy, the annual Division of Revenue Act (DoRA) and any agreements in the Budget Forum

Thus taking into account the provision of the MFMA as stated above, I present to all the draft MTERF for 2013/14 to 2015/16

The intention is to bring forth the highlights contained in the draft budget in its current form so as to facilitate a process of consultation leading to the compilation of the final budget for 2013/14 financial year. It is indeed our stated intention as KwaSani Municipality that the final budget for 2013/14 be adopted by the end of June 2013. It is going to be a product of extensive consultation such that the limited resources available are allocated towards satisfying the community's priorities and that the budget preparation itself is complying with relevant legislation

Our main Objective as the municipality is to ensure that the communities of the KwaSani Municipality get access to basic services and thus we are confident that this budget has been compiled to ensure that this happens.

With the challenges faced by the municipality in the 2012/13 financial year, particularly in capital spending area, the future strategy of the municipality is to ensure that implementation of capital projects is done efficiently, timeously and implemented within the required and agreed time frames.

KwaSani Municipality therefore pledges its commitment to effective and efficient Service Delivery as outlined in the 2013/14 IDP and Draft Budget.

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**Honourable Mayor**  
**Councillor M. Banda**

## 1.2 Council Resolutions

On the 28 May 2013 the council of KwaSani Municipality met in the Arms Hotel, Himeville to consider the 2013/14 – 2015/16 Budget. The budget & supporting document (Schedule A), was adopted by the council of KwaSani Local Municipality. **Resolution no.45/May/ 2013**

The Final budget document was based on the draft budget document 2013/14 – 2015/16 noted by council on the 28 March 2013. **Resolution no.28/March/2013**

1. The Council of Kwa Sani Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) noted:
  - 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 11 on page 18;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 12 on page 20;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 13 on page 21; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 14 on page 23.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 15 on page 25;
    - 1.2.2. Budgeted Cash Flows as contained in Table 16 on page 26;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 17 on page 27;
    - 1.2.4. Asset management as contained in Table 18 on page 28; and
    - 1.2.5. Basic service delivery measurement as contained in Table 19 on page 30.
2. The Council of Kwa Sani Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) notes the tariffs with effect from 1 July 2013
3. To give proper effect to the municipality's annual budget, it must further be noted that:
  - 3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.



### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality's remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and buildings infrastructure;
- The need to re-prioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2013/14 MTREF**

Description	Adjustments Budget 2012/2013	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Operating Revenue	40 846	35 542	36 733	54 806
Total Operating Expenditure	39 448	35 538	36 703	54 804
Surplus/(Deficit) Budgeted Operating Statement	<b>1 398</b>	<b>4</b>	<b>30</b>	<b>2000</b>
Total Capital Funding	<b>9 661</b>	<b>9 083</b>	<b>7 479</b>	<b>7 621</b>

**Operating revenue** The 10% decrease in Operating revenue is due to the corridor development grant received from the department of Corporate Governance and Traditional Affairs in the 2012/13 financial year and not received in the 2013/14 financial years. The 50% increase in the 2015/16 financial year is due to the INEP grant of R15 Million as per the 2013/14 Division of Revenue Act document.

**Operating expenditure** for the 2013/14 financial years has been appropriated at R35 million and translates into a budgeted surplus of R3, 5 million.

**Capital Expenditure** For the 2013/14 financial year , 94% of capital expenditure is funded by the MIG and 6% is funded by Own Revenue .is funded by the MIG grant for KwaSani Municipality at the moment the Own revenue collection is currently low thus not sufficient enough to finance Capital Expenditure. For the 2013/14 financial years the municipality will be embarking on a data cleansing exercise for debtors book with an aim to boost revenue collection and alternatively have own revenue to fast track service delivery. For the two outer years, operational revenue will decrease by 20 per cent and increase by 2 percent due to a reduction of the MIG grant received compared to 2012/13 and 2013/14

### Operating Revenue Framework

For Kwa Sani Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

**The municipality's revenue strategy is built around the following key components:**

- National Treasury's guidelines and macroeconomic policy;
- Growth in KSM and continued economic development;
- Efficient revenue management, which aims to ensure a 80% annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description  R thousand	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Property rates	7,345	8,939	10,001	12,427	11,861	11,861	11,861	12,384	13,015	13,653
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	1,689	1,800	1,925	2,496	2,205	2,205	2,205	2,083	2,195	2,314
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	236	220	242	403	318	318	318	333	351	370
Interest earned - external investments	489	480	820	582	720	720	720	829	871	913
Interest earned - outstanding debtors	-	-	-	208	91	91	91	235	248	261
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	42	92	125	35	95	95	95	100	105	111
Licences and permits	144	86	99	612	76	76	76	297	526	552
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	32,636	19,459	15,040	16,243	24,051	24,051	24,051	16,827	16,835	33,894
Other revenue	852	778	525	1,784	518	518	518	1,687	1,778	1,874
Gains on disposal of PPE	93	45	78	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>44,133</b>	<b>32,935</b>	<b>29,638</b>	<b>34,939</b>	<b>40,846</b>	<b>40,846</b>	<b>40,846</b>	<b>35,542</b>	<b>36,733</b>	<b>54,806</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Property Rates have increased by 5,6% due to the anticipated inflation rate as outlined in circular 67, the further increase in property rates on Cash Flow is due to the Business debt owing the municipality more than 60% of the outstanding debt, it is at this stage probable that the municipality will recover the outstanding rates in the 2013/14 financial year.

All other Revenue has been increased by 5,6% anticipated inflation rate.

There is an expected increase in revenue to be generated from licenses and permits for the municipality. This relates to reopening of the Licensing Centre to generate addition revenue. Revenue estimates was obtained from the Department of Transport to determine the extent of revenue that will be generated. The municipality has opted to take the conservative approach to prevent over estimating revenue raised. These new operations are expected to commence in the month of January 2014

**Operating grants and transfers** totals 16,4 million in the 2013/14 financial year and steadily increases to R 18,1million by 2015/16. There is no growth between 2013/14-2014/15, 2015-16 will increase by 10% due to the increase in the equitable share allocation.

**Table 3 Operating Transfers and Grant Receipts**

Description R thousands	Mediun Term Revenue & Expenditure Framework		
	Budget 2013/14	Budget 2014/15	Budget 2015/16
<b>Receipts:</b>			
<b>Operating Transfers &amp; Grants</b>			
<b>National Grants (DORA Allocations)</b>	<b>16 386 000</b>	<b>16 368 000</b>	<b>18 105 000</b>
Equitable Share	12 846 000	13 634 000	15 188 000
Municipal Systems Improvement Grant (MSIG)	890 000	934 000	967 000
Finance Management Grant (FMG)	1 650 000	1 800 000	1 950 000
Expanded Public Works Grant	1 000 000	-	-
<b>Provincial Allocations</b>	<b>454 000</b>	<b>467 000</b>	<b>789 000</b>
Provisionalisation of libraries	334 000	341 000	357 000
Community Library Service Grant	120 000	126 000	132 000
Community Participation in IDP's	-	-	300 000
<b>Total Grants Receivable</b>	<b>16 840 000</b>	<b>16 835 000</b>	<b>18 894 000</b>

Tariff setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

### **1.3.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These

regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on an average of 5,6 % increase from 1 July 2013 is contained below:

**Table 4 Comparison of proposed rates to levied for the 2013/14 financial year**

The categories of rate -able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a n average of 5,6 % increase from 1 July 201 3 is contained below:

**Table 1 Comparison of proposed rates tariffs for the 2013/14 financial year**

CAT	CAT Description	Current Tariffs 2012/2013	Proposed Tariffs 2013/2014	R Variance	% Variance
CAT1	RESIDENTIAL	1.114	1.176	0.06	5.6%
CAT2	COMMERCIAL	2.228	2.353	0.13	5.6%
CAT3	AGRICULTURAL	0.279	0.295	0.02	5.6%
CAT4	STATE OWNED	1.114	1.176	0.06	5.6%
CAT5	PSI	0.279	0.295	0.02	5.6%
CAT6	PBO	0.279	0.295	0.02	5.6%
CAT8	TOURISM & HOSPITALITY RURAL	0.557	0.588	0.03	5.6%
CAT9	OTHER	0.279	0.295	0.02	5.6%
CAT10	RESIDENTIAL SMALL HOLDING	1.114	1.176	0.06	5.6%
CAT11	TOURISM & HOSPITALITY URBAN	1.114	1.176	0.06	5.6%

### 1.3.2 Waste Removal and Impact of Tariff Increases

REFUSE TARIFFS - 2013/2014					
	2012/2013	2013/2014	Variance		
Category	Rands	Rands	Rands	% Increase	Reasons
Government Housing	457.32	482.93	25.61	5.6%	
					Properties on Sectional Title Schemes received 20% discount because there is one collection point
Residential Sectional Title with 75% Pensioners Discount	579.07	611.50	32.43	5.6%	
Residential Full Title with 75% Pensioners Discount	702.75	742.10	39.35	5.6%	
Residential Sectional Title with 50% Pensioners Discount	158.13	166.99	8.86	5.6%	
Residential Full Title with 50% Pensioners Discount	1 447.67	1 528.74	81.07	5.6%	
Residential Sectional Title properties with 20% Discount	2 316.26	2 445.97	129.71	5.6%	
Residential properties	2 895.33	3 057.47	162.14	5.6%	
Small Business					
Small Volumes of Waste and Easy to Handle	3 581.31	3 781.86	200.55	5.6%	
Small Volumes of Waste and Easy to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point					
Medium					
Significant Volumes of Waste and Easy to Handle	7 314.03	7 723.62	409.59	5.6%	
Medium					
Significant Volumes of Waste and Easy to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point	5 851.22	6 178.89	327.67	5.6%	
Large					
Significant Volumes of Waste and difficult to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point	11 824.40	12 486.57	662.17	5.6%	
Large					
Significant Volumes of Waste and difficult to Handle	14 780.50	15 608.21	827.71	5.6%	
Sectional Title					
Automatic 20% rebate - additional rebate for properties either 50% or 75% based on Income & Assets					

Currently solid waste removal is not operating in the desired manner. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. Also, measures will have to be implemented to ensure that this service is offered equitably to all residents in the KSM region.

The tariff for each category of refuse has increase by of 5,6% in the 2013/14 financial year

### 1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan and

- Operational gains and efficiencies will be directed to funding the capital budget and other core services.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

**Table 5 Summary of operating expenditure by standard classification item**

Description  R thousand	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Expenditure By Type</b>										
Employee related costs	7,980	10,414	12,169	13,633	12,882	12,882	12,882	17,369	18,480	19,663
Remuneration of councillors	1,140	722	995	1,323	1,461	1,461	1,461	1,561	1,661	1,767
Debt impairment	25	139	439	3,500	1,230	1,230	1,230	–	–	–
Depreciation & asset impairment	1,414	1,473	1,842	1,770	1,957	1,957	1,957	1,957	2,057	2,158
Finance charges	133	141	185	321	240	240	240	240	253	265
Bulk purchases	–	–	–	–	–	–	–	–	–	–
Other materials	–	–	–	–	–	–	–	–	–	–
Contracted services	4,751	3,505	4,173	4,740	6,085	6,085	6,085	6,730	7,087	7,419
Transfers and grants	–	–	–	–	–	–	–	1602	1690	1780
Other expenditure	27,593	16,327	10,195	9,600	15,593	15,593	15,593	6,078	5,475	21,752
Loss on disposal of PPE	19	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>	<b>43,054</b>	<b>32,721</b>	<b>30,000</b>	<b>34,886</b>	<b>39,448</b>	<b>39,448</b>	<b>39,448</b>	<b>35,538</b>	<b>36,703</b>	<b>54,804</b>

The Employee related cost has been increased with the 7 % as per Circular 67 and further more critical positions have also been budgeted for as agreed in the strategic planning. These include but not limited to

- SCM Manager
- Revenue Manager
- IT Officer
- Manager : Technical Services

New positions and appointments in 2012/13 have also attributed to the 48% increase these include

- Human Resources Officer
- Corporate Services Manager
- Performance Management Official
- Woman's Youth and people with disabilities officer and other appointments

Repairs and maintenance have decreased by 18% due to the Small town rehabilitation grant expenditure that has not been budgeted for in the 2013/14 financial year

General Expenditure has been reduced by 31% due to other conditional grants previously budgeted for under general expenditure not included for in 2013/14

All other line items have been increased by 5,6% projected inflation rate

For the purposes of this budget preparation all unspent conditional grants have not been included in the budget and will be included only in the adjustment budget 2013/14 subject to Rollover approval by the donor departments.

## Operating Expenditure

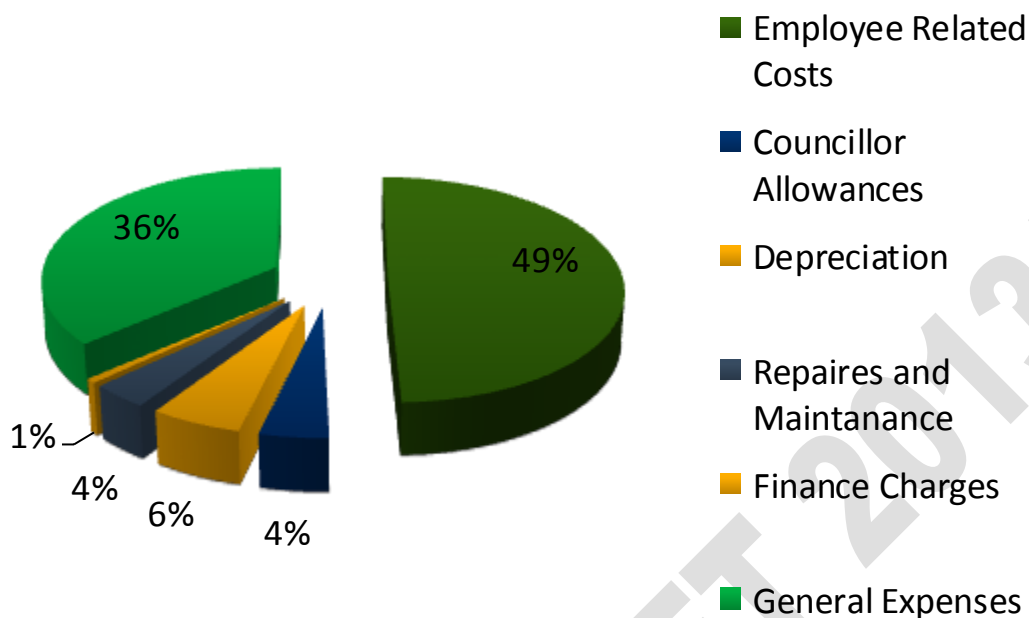


Figure 1 Main operational expenditure categories for the 2013/14 financial year

Table 6 Operational repairs and maintenance

Description  R thousand	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and Maintenance by Expenditure Item										
Employee related costs										
Other materials										
Contracted Services										
Other Expenditure	477	312	1,815	1,371	1,432	1,432	1,432	1,238	1,301	2,364
<b>Total Repairs and Maintenance Expenditure</b>	<b>477</b>	<b>312</b>	<b>1,815</b>	<b>1,371</b>	<b>1,432</b>	<b>1,432</b>	<b>1,432</b>	<b>1,238</b>	<b>1,301</b>	<b>2,364</b>



During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was maintained at 4% in the 2013/14 financial year,

**Table 7 Repairs and maintenance per asset class**

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Description  R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b><u>Repairs and maintenance expenditure by Asset Class/Sub-class</u></b>									
–									
<b><u>Infrastructure</u></b>	–	51	–	1,050	1,051	1,051	816	858	1900
Infrastructure - Road transport	–	–	–	1,003	1,000	1,000	765	804	1844
Roads, Pavements & Bridges	–	–		1,000	1,000	1,000	765	804	1844
Storm water	–			3	–	–			
Infrastructure - Water	–	3	–	–	–	–	–	–	–
Dams & Reservoirs	–	3							
Infrastructure - Other	–	48	–	47	51	51	51	54	57
Waste Management	–	33		30	27	27	27	29	30
Transportation	–	15		17	24	24	24	25	27
<b><u>Community</u></b>	200	6	417	16	16	16	16	17	18
Parks & gardens	–								
Sportsfields & stadia	–	6	52	16	16	16	16	17	18
Community halls	200	–	365						
<b><u>Other assets</u></b>	277	256	1,398	305	365	365	406	426	446
General vehicles	–	–		93	148	148	60	155	163
Specialised vehicles	84	64	–	70	83	83	83	87	91
Plant & equipment	–	5	52	6	11	11	11	12	12
Computers - hardware/equipment	25	–	200		–		20		
Furniture and other office equipment	30	22	122		–		47	49	52
Abattoirs	–	13			–		–		
Civic Land and Buildings	13	63			–		–		
Other Buildings	86	42	573	136	124	124	76	30	30
Other Land	–	–	382		–				
Surplus Assets - (Investment or Inventory)	–	–			–				
Other	39	47	69		–		109	92	97

Total Repairs and Maintenance Expenditure	477	313	1,815	1,371	1,432	1,432	1,238	1,301	2,364
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**Table 8 Repairs and maintenance per asset class**

For the 2013/14 financial year, 65% (R1 million) of total repairs and maintenance will be spent on infrastructure assets and 35% on other municipal assets

## 1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Vote Description  R thousand	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure - Vote</b>										
<b><u>Multi-year expenditure to be appropriated</u></b>										
Vote 1 - Governance & Administration	–	–	–	–	–	–	–	–	–	–
Vote 2 - Community & Public Safety	–	–	–	–	2,130	2,130	2,130	1,601	4,207	–
Vote 3 - Trading Services	–	–	–	–	–	–	–	–	–	–
Vote 4 - Economic and Environmental Services	–	–	–	–	6,416	6,416	6,416	7,482	–	–
<b>Capital multi-year expenditure sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,547</b>	<b>8,547</b>	<b>8,547</b>	<b>9,083</b>	<b>4,207</b>	<b>–</b>
<b><u>Single-year expenditure to be appropriated</u></b>										
Vote 1 - Governance & Administration	–	1,174	900	525	647	647	647	63	–	–
Vote 2 - Community & Public Safety	9,192	2,005	3,457	4,990	2,151	2,151	2,151	305	–	–
Vote 3 - Trading Services	–	–	–	–	–	–	–	225	–	–
Vote 4 - Economic and Environmental Services	–	1,690	5,984	5,049	2,768	2,768	2,768	25	3,272	7,621
Vote 5 - Other	171	–	–	13	13	13	13	–	–	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–	–
<b>Capital single-year expenditure sub-total</b>	<b>9,363</b>	<b>4,869</b>	<b>10,341</b>	<b>10,577</b>	<b>5,579</b>	<b>5,579</b>	<b>5,579</b>	<b>618</b>	<b>3,272</b>	<b>7,621</b>
<b>Total Capital Expenditure - Vote</b>	<b>9,363</b>	<b>4,869</b>	<b>10,341</b>	<b>10,577</b>	<b>14,126</b>	<b>14,126</b>	<b>14,126</b>	<b>9,701</b>	<b>7,479</b>	<b>7,621</b>
<b><u>Capital Expenditure - Standard</u></b>										
<b><i>Governance and administration</i></b>	<b>–</b>	<b>1,174</b>	<b>900</b>	<b>525</b>	<b>655</b>	<b>655</b>	<b>655</b>	<b>63</b>	<b>–</b>	<b>–</b>
Executive and council	–	–	–	440	581	581	581	50	–	–
Budget and treasury office	–	1,174	900	85	74	74	74	13	–	–
Corporate services	–	–	–	–	–	–	–	–	–	–
<b><i>Community and public safety</i></b>	<b>9,192</b>	<b>2,005</b>	<b>3,456</b>	<b>4,990</b>	<b>4,812</b>	<b>4,812</b>	<b>4,812</b>	<b>1,906</b>	<b>4,207</b>	<b>1,143</b>
Community and social services	9,192	1,223	3,456	2,168	1,979	1,979	1,979	1,906	4,207	–
Sport and recreation	–	769	–	2,820	2,819	2,819	2,819	–	–	1,143

## Kwa Sani Municipality

## 2013/14 Annual Budget and MTREF

Public safety		13		2	14	14	14	–		
Health										
<b>Economic and environmental services</b>	–	1,690	5,984	5,049	9,189	9,189	9,189	7,507	3,272	6,478
Planning and development				334	21	21	21	25	–	–
Road transport	–	1,690	5,984	4,715	9,168	9,168	9,168	7,482	3,272	6,478
Environmental protection										
<b>Trading services</b>	–	–	–	–	265	265	265	225	–	–
Electricity										
Waste water management										
Waste management	–				265	265	265	225		
<b>Other</b>	171			13						
<b>Total Capital Expenditure - Standard</b>	9,363	4,869	10,341	10,577	14,921	14,921	14,921	9,701	7,479	7,621
<b>Funded by:</b>										
National Government	4,251	2,913	7,793	9,567	9,674	9,674	9,674	9,096	7,479	7,621
Provincial Government		769			3,061	3,061	3,061			
District Municipality	–									
Other transfers and grants					–	–	–			
<b>Transfers recognised - capital</b>	4,251	3,682	7,793	9,567	12,735	12,735	12,735	9,096	7,479	7,621
<b>Public contributions &amp; donations</b>										
<b>Borrowing</b>			28	365	365	365	365	–		
<b>Internally generated funds</b>	5,112	1,187	2,521	645	1,025	1,025	1,025	605		
<b>Total Capital Funding</b>	9,363	4,869	10,341	10,577	14,126	14,126	14,126	9,701	7,479	7,621

Table 9 2012/13 Medium-term capital budget per vote

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure - Municipal Vote</b>										
<b>Single-year expenditure appropriation</b>										
<b>Vote 1 - Governance &amp; Administration</b>	–	1,174	900	525	647	647	647	63	–	–
Executive and council	–	–	–	440	563	563	563	50		
Budget and treasury office	–	1,174	900	85	84	84	84	13		
Corporate services										
<b>Vote 2 - Community &amp; Public Safety</b>	9,192	2,005	3,457	4,990	2,151	2,151	2,151	305	–	–
Community and social services	9,192	1,223	3,457	2,168	2,140	2,140	2,140	305		
Sport and recreation	–	769	–	2,820						
Public safety	–	13	–	2	11	11	11			
<b>Vote 3 - Trading Services</b>	–	–	–	–	–	–	–	225	–	–

Waste								225		
Vote 4 - Economic and Environmental Services	–	1,690	5,984	5,049	2,768	2,768	2,768	25	3,272	7,621
Planning and Development	–	–	–	334	35	35	35	25		
Roads and Transport	–	1,690	5,984	4,715	2,733	2,733	2,733		3,272	7,621
Vote 5 - Other	171	–	–	13	13	13	13	–	–	–
Tourism	171	–	–	13	13	13	13			
Capital single-year expenditure sub-total	9,363	4,869	10,341	10,577	5,579	5,579	5,579	618	3,272	7,621
Total Capital Expenditure	9,363	4,869	10,341	10,577	14,126	14,126	14,126	9,701	7,479	7,621

For 2013/14 an amount of R9,7 million has been appropriated for the development of infrastructure in the total capital budget. In the outer years this amount totals R7,4 million and R7,6 million respectively for each of the financial years.

## 1.6 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as noted by the Council.

**Table 10 MBRR Table A1 - Budget Summary**

## KZN432 Kwa Sani - Table A1 Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	7 953	9 974	10 785	12 576	12 773	12 773	12 773	13 151	13 824	14 517
Service charges	1 689	1 800	1 925	2 496	2 205	2 205	2 205	2 083	2 195	2 314
Investment revenue	489	480	820	582	720	720	720	829	871	913
Transfers recognised - operational	32 636	19 459	15 040	16 243	24 051	24 051	24 051	16 827	16 835	33 894
Other own revenue	1 365	1 222	1 067	3 042	1 097	1 097	1 097	2 652	3 008	3 168
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>44 133</b>	<b>32 935</b>	<b>29 638</b>	<b>34 939</b>	<b>40 846</b>	<b>40 846</b>	<b>40 846</b>	<b>35 542</b>	<b>36 733</b>	<b>54 806</b>
Employee costs	7 980	10 414	12 169	13 633	12 882	12 882	12 882	17 369	18 480	19 663
Remuneration of councillors	1 140	722	995	1 323	1 461	1 461	1 461	1 561	1 661	1 767
Depreciation & asset impairment	1 414	1 473	1 842	1 770	1 957	1 957	1 957	1 957	2 057	2 158
Finance charges	133	141	185	321	240	240	240	240	253	265
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	1 602	1 690	1 780
Other expenditure	32 388	19 971	14 808	17 840	22 908	22 908	22 908	12 808	12 562	29 171
<b>Total Expenditure</b>	<b>43 054</b>	<b>32 721</b>	<b>30 000</b>	<b>34 886</b>	<b>39 448</b>	<b>39 448</b>	<b>39 448</b>	<b>35 538</b>	<b>36 703</b>	<b>54 804</b>
<b>Surplus/(Deficit)</b>	<b>1 080</b>	<b>213</b>	<b>(362)</b>	<b>53</b>	<b>1 398</b>	<b>1 398</b>	<b>1 398</b>	<b>4</b>	<b>30</b>	<b>2</b>
Transfers recognised - capital	8 313	2 767	7 793	9 567	9 674	9 674	9 674	9 096	7 479	7 621
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>9 393</b>	<b>2 980</b>	<b>7 431</b>	<b>9 620</b>	<b>11 072</b>	<b>11 072</b>	<b>11 072</b>	<b>9 100</b>	<b>7 509</b>	<b>7 623</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>9 393</b>	<b>2 980</b>	<b>7 431</b>	<b>9 620</b>	<b>11 072</b>	<b>11 072</b>	<b>11 072</b>	<b>9 100</b>	<b>7 509</b>	<b>7 623</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>9 363</b>	<b>4 869</b>	<b>10 341</b>	<b>10 577</b>	<b>14 921</b>	<b>14 921</b>	<b>14 921</b>	<b>9 701</b>	<b>7 479</b>	<b>7 621</b>
Transfers recognised - capital	4 251	3 682	7 793	9 567	12 735	12 735	12 735	9 096	7 479	7 621
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	28	365	365	365	365	-	-	-
Internally generated funds	5 112	1 187	2 521	645	1 025	1 025	1 025	605	-	-
<b>Total sources of capital funds</b>	<b>9 363</b>	<b>4 869</b>	<b>10 341</b>	<b>10 577</b>	<b>14 126</b>	<b>14 126</b>	<b>14 126</b>	<b>9 701</b>	<b>7 479</b>	<b>7 621</b>
<b>Financial position</b>										
Total current assets	16 542	18 372	29 027	11 267	31 929	31 929	31 929	27 698	23 349	21 038
Total non current assets	60 885	64 046	65 725	74 180	77 894	77 894	77 894	85 638	91 060	96 524
Total current liabilities	14 651	14 773	24 554	382	18 574	18 574	18 574	3 314	3 177	3 198
Total non current liabilities	3 483	3 457	3 634	3 845	4 944	4 944	4 944	4 537	4 108	3 692
Community wealth/Equity	59 293	64 188	66 564	81 220	86 305	86 305	86 305	105 485	107 124	110 671
<b>Cash flows</b>										
Net cash from (used) operating	13 382	3 937	9 634	8 431	16 185	16 185	16 185	13 163	8 615	8 781
Net cash from (used) investing	(12 996)	(3 955)	(8 080)	(3 954)	(14 925)	(14 925)	(14 925)	(9 701)	(7 479)	(7 621)
Net cash from (used) financing	(339)	(322)	74	(1 278)	(385)	(385)	(385)	(485)	(485)	(485)
<b>Cash/cash equivalents at the year end</b>	<b>1 107</b>	<b>767</b>	<b>2 396</b>	<b>5 595</b>	<b>3 271</b>	<b>3 271</b>	<b>3 271</b>	<b>6 247</b>	<b>6 898</b>	<b>7 573</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	13 290	13 137	22 783	26 182	26 257	26 257	26 257	24 233	19 884	17 573
Application of cash and investments	17 853	9 472	15 941	(3 344)	14 028	14 028	13 861	(2 140)	(1 416)	(3 459)
<b>Balance - surplus (shortfall)</b>	<b>(4 563)</b>	<b>3 665</b>	<b>6 842</b>	<b>29 526</b>	<b>12 230</b>	<b>12 230</b>	<b>12 397</b>	<b>26 374</b>	<b>21 301</b>	<b>21 033</b>
<b>Asset management</b>										
Asset register summary (WDV)	20 658	33 804	65 725	74 180	77 894	77 894	85 638	85 638	91 060	96 524
Depreciation & asset impairment	1 414	1 473	1 842	1 770	1 957	1 957	1 957	1 957	2 057	2 158
Renewal of Existing Assets	505	1 706	5 984	3 329	9 355	9 355	9 355	2 848	3 272	7 621
Repairs and Maintenance	477	313	1 815	1 371	1 432	1 432	1 238	1 238	1 301	2 364
<b>Free services</b>										
Cost of Free Basic Services provided	138	222	305	363	445	445	438	438	461	485
Revenue cost of free services provided	16 335	16 335	16 335	29 324	25 410	25 410	24 623	24 623	25 004	25 388
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	2	2	1	2	1	1	1	1	1	1

## Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor.

KZN432 Kwa Sani - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Standard</b>										
<b>Municipal governance and administration</b>		28 621	33 186	34 803	30 997	30 913	30 913	31 123	32 176	48 131
Executive and council		-	6 653	480	1 144	1 005	1 005	2 355	2 426	3 553
Mayor and Council		-	6 653	480	1 144	1 005	1 005	2 355	2 426	3 553
Municipal Manager		-	-	-	-	-	-	-	-	-
Budget and treasury office		28 621	26 533	34 322	29 853	29 908	29 908	28 768	29 750	44 578
Corporate services		-	-	-	-	-	-	-	-	-
Human Resources		-	-	-	-	-	-	-	-	-
Information Technology		-	-	-	-	-	-	-	-	-
Property Services		-	-	-	-	-	-	-	-	-
Other Admin		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		21 820	185	559	261	7 456	7 456	1 765	1 819	2 665
Community and social services		21 785	92	434	257	7 361	7 361	1 666	1 716	2 514
Libraries and Archives		-	-	-	-	-	-	-	-	-
Museums & Art Galleries etc		-	-	-	-	-	-	-	-	-
Community halls and Facilities		-	-	-	-	-	-	-	-	-
Cemeteries & Crematoriums		-	-	-	-	-	-	-	-	-
Child Care		-	-	-	-	-	-	-	-	-
Aged Care		-	-	-	-	-	-	-	-	-
Other Community		451	-	-	1	-	-	0	0	0
Other Social		21 334	92	434	255	7 361	7 361	1 666	1 716	2 514
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		35	92	125	5	96	96	100	103	151
Police		35	92	125	5	96	96	100	103	151
Fire		-	-	-	-	-	-	-	-	-
Civil Defence		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Ambulance		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		269	457	515	955	167	167	421	433	634
Planning and development		128	371	417	340	91	91	124	128	187
Economic Development/Planning		-	-	-	-	-	-	-	-	-
Town Planning/Building		128	371	417	340	91	91	124	128	187
Licensing & Regulation		-	-	-	-	-	-	-	-	-
Road transport		142	87	99	615	76	76	297	305	447
Roads		-	-	-	-	-	-	-	-	-
Public Buses		-	-	-	-	-	-	-	-	-
Parking Garages		-	-	-	-	-	-	-	-	-
Vehicle Licensing and Testing		142	87	99	615	76	76	297	305	447
Other		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Pollution Control		-	-	-	-	-	-	-	-	-
Biodiversity & Landscape		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		1 736	1 873	1 554	2 723	2 309	2 309	2 233	2 305	3 377
Electricity		-	-	-	-	-	-	-	-	-
Electricity Distribution		-	-	-	-	-	-	-	-	-
Electricity Generation		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Water Distribution		-	-	-	-	-	-	-	-	-
Water Storage		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Sewerage		-	-	-	-	-	-	-	-	-
Storm Water Management		-	-	-	-	-	-	-	-	-
Public Toilets		-	-	-	-	-	-	-	-	-
Waste management		1 736	1 873	1 554	2 723	2 309	2 309	2 233	2 305	3 377
Solid Waste		1 736	1 873	1 554	2 723	2 309	2 309	2 233	2 305	3 377
<b>Other</b>		-	-	-	3	-	-	-	-	-
Air Transport		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Tourism		-	-	-	3	-	-	-	-	-
Forestry		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>2</b>	52 446	35 702	37 430	34 939	40 846	40 846	35 542	36 733	54 806

Expenditure - Standard										
<b>Municipal governance and administration</b>										
Executive and council	12 139	20 920	15 905	20 490	18 853	18 853	18 578	19 135	28 051	
Mayor and Council	3 481	11 230	4 867	5 881	5 011	5 011	5 758	5 931	8 694	
Municipal Manager	3 481	11 230	4 867	5 881	5 011	5 011	5 758	5 931	8 694	
Budget and treasury office	8 658	9 690	11 039	14 608	13 842	13 842	12 820	13 205	19 357	
Corporate services	-	-	-	-	-	-	-	-	-	
Human Resources										
Information Technology										
Property Services										
Other Admin										
<b>Community and public safety</b>	27 234	7 014	6 602	8 181	14 324	14 324	10 185	10 591	15 525	
Community and social services	25 417	4 830	4 089	5 890	11 260	11 260	7 514	7 839	11 492	
Libraries and Archives										
Museums & Art Galleries etc										
Community halls and Facilities										
Cemeteries & Crematoriums										
Child Care										
Aged Care										
Other Community	3 874			3 884	5 157	5 157	3 881	3 997	5 860	
Other Social	21 543	4 830	4 089	2 005	6 102	6 102	3 633	3 842	5 632	
Sport and recreation	-									
Public safety	1 817	2 184	2 514	2 291	3 064	3 064	2 671	2 751	4 033	
Police	1 817	2 184	2 514	2 291	3 064	3 064	2 671	2 751	4 033	
Fire										
Civil Defence										
Street Lighting										
Other										
Housing										
Health	-	-	-	-	-	-	-	-	-	
Clinics										
Ambulance										
Other										
<b>Economic and environmental services</b>	1 701	2 248	3 638	3 665	3 577	3 577	3 914	4 030	6 908	
Planning and development	1 118	1 518	2 459	1 533	1 767	1 767	2 184	2 250	3 298	
Economic Development/Planning										
Town Planning/Building	1 118	1 518	2 459	1 533	1 767	1 767	2 184	2 250	3 298	
Licensing & Regulation										
Road transport	584	729	1 179	2 132	1 810	1 810	1 729	1 781	3 611	
Roads										
Public Buses										
Parking Garages										
Vehicle Licensing and Testing	584	729	1 179	2 132	1 810	1 810	1 729	1 781	3 611	
Other										
Environmental protection	-	-	-	-	-	-	-	-	-	
Pollution Control										
Biodiversity & Landscape										
Other										
<b>Trading services</b>	1 592	2 003	3 216	1 545	1 722	1 722	1 832	1 887	2 766	
Electricity	-	-	-	-	-	-	-	-	-	
Electricity Distribution										
Electricity Generation										
Water	-	-	-	-	-	-	-	-	-	
Water Distribution										
Water Storage										
Waste water management	-	-	-	-	-	-	-	-	-	
Sewerage										
Storm Water Management										
Public Toilets										
Waste management	1 592	2 003	3 216	1 545	1 722	1 722	1 832	1 887	2 766	
Solid Waste	1 592	2 003	3 216	1 545	1 722	1 722	1 832	1 887	2 766	
<b>Other</b>	387	537	638	1 006	972	972	1 029	1 060	1 554	
Air Transport										
Abattoirs										
Tourism	387	537	638	1 006	972	972	1 029	1 060	1 554	
Forestry										
Markets										
<b>Total Expenditure - Standard</b>	3	43 054	32 721	30 000	34 886	39 448	39 448	35 538	36 703	54 804
<b>Surplus/(Deficit) for the year</b>		9 393	2 980	7 431	53	1 398	1 398	4	30	2



### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Governance and Trading functions, but not the Economic, Community and Public Services and Other function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Governance Vote.

**KZN432 Kwa Sani - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Table A5 Budgeted Financial Performance (Revenue and expenditure by municipal vote)										
Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue by Vote</b>	1									
Vote 1 - Governance & Administration		28 621	33 186	34 803	31 000	30 913	30 913	31 123	32 176	48 131
Vote 2 - Community & Public Safety		21 820	185	559	261	7 456	7 456	1 765	1 819	2 665
Vote 3 - Trading Services		1 736	1 873	1 554	2 723	2 309	2 309	2 233	2 305	3 377
Vote 4 - Economic and Environmental Services		269	457	515	955	167	167	421	433	634
Vote 5 - Other		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>52 446</b>	<b>35 702</b>	<b>37 430</b>	<b>34 939</b>	<b>40 846</b>	<b>40 846</b>	<b>35 542</b>	<b>36 733</b>	<b>54 806</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Governance & Administration		12 139	20 920	15 905	20 490	18 853	18 853	18 578	19 135	28 051
Vote 2 - Community & Public Safety		27 234	7 014	6 602	8 181	14 324	14 324	10 185	10 591	15 525
Vote 3 - Trading Services		1 592	2 003	3 216	1 545	1 722	1 722	1 832	1 887	2 766
Vote 4 - Economic and Environmental Services		1 701	2 248	3 638	3 665	3 577	3 577	3 914	4 030	6 908
Vote 5 - Other		387	537	638	1 006	972	972	1 029	1 059	1 554
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>43 054</b>	<b>32 721</b>	<b>30 000</b>	<b>34 886</b>	<b>39 448</b>	<b>39 448</b>	<b>35 538</b>	<b>36 703</b>	<b>54 804</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>9 393</b>	<b>2 980</b>	<b>7 431</b>	<b>53</b>	<b>1 398</b>	<b>1 398</b>	<b>4</b>	<b>30</b>	<b>2</b>

### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the Organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote

**Table 10 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

KZN432 Kwa Sani - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue By Source</b>											
Property rates	2	7 345	8 939	10 001	12 427	11 861	11 861	11 861	12 384	13 015	13 653
Property rates - penalties & collection charges		608	1 036	784	149	912	912	912	767	809	864
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	1 689	1 800	1 925	2 496	2 205	2 205	2 205	2 083	2 195	2 314
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		236	220	242	403	318	318	318	333	351	370
Interest earned - external investments		489	480	820	582	720	720	720	829	871	913
Interest earned - outstanding debtors		–	–	–	208	91	91	91	235	248	261
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		42	92	125	35	95	95	95	100	105	111
Licences and permits		144	86	99	612	76	76	76	297	526	552
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		32 636	19 459	15 040	16 243	24 051	24 051	24 051	16 827	16 835	33 894
Other revenue	2	852	778	525	1 784	518	518	518	1 687	1 778	1 874
Gains on disposal of PPE		93	45	78	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>44 133</b>	<b>32 935</b>	<b>29 638</b>	<b>34 939</b>	<b>40 846</b>	<b>40 846</b>	<b>40 846</b>	<b>35 542</b>	<b>36 733</b>	<b>54 806</b>
<b>Expenditure By Type</b>											
Employee related costs	2	7 980	10 414	12 169	13 633	12 882	12 882	12 882	17 369	18 480	19 663
Remuneration of councillors		1 140	722	995	1 323	1 461	1 461	1 461	1 561	1 661	1 767
Debt impairment	3	25	139	439	3 500	1 230	1 230	1 230	–	–	–
Depreciation & asset impairment	2	1 414	1 473	1 842	1 770	1 957	1 957	1 957	1 957	2 057	2 158
Finance charges		133	141	185	321	240	240	240	240	253	265
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	–	–	–	–	–	–	–	–	–	–
Contracted services		4 751	3 505	4 173	4 740	6 085	6 085	6 085	6 730	7 087	7 419
Transfers and grants		–	–	–	–	–	–	–	1 602	1 690	1 780
Other expenditure	4, 5	27 593	16 327	10 195	9 600	15 593	15 593	15 593	6 078	5 475	21 752
Loss on disposal of PPE		19	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>43 054</b>	<b>32 721</b>	<b>30 000</b>	<b>34 886</b>	<b>39 448</b>	<b>39 448</b>	<b>39 448</b>	<b>35 538</b>	<b>36 703</b>	<b>54 804</b>
<b>Surplus/(Deficit)</b>		<b>1 080</b>	<b>213</b>	<b>(362)</b>	<b>53</b>	<b>1 398</b>	<b>1 398</b>	<b>1 398</b>	<b>4</b>	<b>30</b>	<b>2</b>
Transfers recognised - capital		8 313	2 767	7 793	9 567	9 674	9 674	9 674	9 096	7 479	7 621
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>9 393</b>	<b>2 980</b>	<b>7 431</b>	<b>9 620</b>	<b>11 072</b>	<b>11 072</b>	<b>11 072</b>	<b>9 100</b>	<b>7 509</b>	<b>7 623</b>
Taxation		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>		<b>9 393</b>	<b>2 980</b>	<b>7 431</b>	<b>9 620</b>	<b>11 072</b>	<b>11 072</b>	<b>11 072</b>	<b>9 100</b>	<b>7 509</b>	<b>7 623</b>
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>		<b>9 393</b>	<b>2 980</b>	<b>7 431</b>	<b>9 620</b>	<b>11 072</b>	<b>11 072</b>	<b>11 072</b>	<b>9 100</b>	<b>7 509</b>	<b>7 623</b>
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>		<b>9 393</b>	<b>2 980</b>	<b>7 431</b>	<b>9 620</b>	<b>11 072</b>	<b>11 072</b>	<b>11 072</b>	<b>9 100</b>	<b>7 509</b>	<b>7 623</b>

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R39 million in 2013/14 and increases to R53 million by 2015/16 due to increase in grants receipt
2. Revenue to be generated from property rates is R12 million in the 2013/14 financial year and increases to R 13 million in 2014/2015 and 2015/16 which represents 5.1% in 2014/15 & 4.9% in 2015/16. Rates remains a significant funding source for the municipality.
3. Services charges relating to refuse removal constitute R2 million of the revenue basket of KSM.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

**Table 11 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description  R thousand	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure - Municipal Vote</b>										
<b>Multi-year expenditure appropriation</b>										
<b>Vote 1 - Governance &amp; Administration</b>	-	-	-	-	-	-	-	-	-	-
Executive and council	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	-
<b>Vote 2 - Community &amp; Public Safety</b>	-	-	-	-	2,130	2,130	2,130	1,601	4,207	-
Community and social services					120	120	120	490	4,207	-
Sport and recreation					2,010	2,010	2,010	1,112	-	-
Public safety								-	-	-
<b>Vote 3 - Trading Services</b>	-	-	-	-	-	-	-	-	-	-
<b>Vote 4 - Economic and Environmental Services</b>	-	-	-	-	6,416	6,416	6,416	7,482	-	-
Planning and Development								-	-	-
Roads and Transport					6,416	6,416	6,416	7,482	-	-
<b>Capital multi-year expenditure sub-total</b>	-	-	-	-	8,547	8,547	8,547	9,083	4,207	-
<b>Capital expenditure - Municipal Vote</b>										
<b>Single-year expenditure appropriation</b>										
<b>Vote 1 - Governance &amp; Administration</b>	-	1,174	900	525	647	647	647	63	-	-
Executive and council	-	-	-	440	563	563	563	50		
Budget and treasury office	-	1,174	900	85	84	84	84	13		
Corporate services										
<b>Vote 2 - Community &amp; Public Safety</b>	9,192	2,005	3,457	4,990	2,151	2,151	2,151	305	-	-
Community and social services	9,192	1,223	3,457	2,168	2,140	2,140	2,140	305		
Sport and recreation	-	769	-	2,820						
Public safety	-	13	-	2	11	11	11			
<b>Vote 3 - Trading Services</b>	-	-	-	-	-	-	-	225	-	-
Waste								225		
<b>Vote 4 - Economic and Environmental Services</b>	-	1,690	5,984	5,049	2,768	2,768	2,768	25	3,272	7,621
Planning and Development	-	-	-	334	35	35	35	25		
Roads and Transport	-	1,690	5,984	4,715	2,733	2,733	2,733		3,272	7,621
<b>Vote 5 - Other</b>	171	-	-	13	13	13	13	-	-	-
Tourism	171	-	-	13	13	13	13			
<b>Capital single-year expenditure sub-total</b>	9,363	4,869	10,341	10,577	5,579	5,579	5,579	618	3,272	7,621
<b>Total Capital Expenditure</b>	9,363	4,869	10,341	10,577	14,126	14,126	14,126	9,701	7,479	7,621

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at 9,7million for the 2013/14 financial year and remains relatively constant over the MTREF and decreases to R7,4 million and 7,6 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of KSM. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against multi-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses.

**Table 12 MBRR Table A6 - Budgeted Financial Position****KZN432 Kwa Sani - Table A6 Budgeted Financial Position**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS											
Current assets											
Cash		60	696	2 396	2 995	3 271	3 271	3 271	6 247	6 898	7 573
Call investment deposits	1	13 230	12 372	20 386	2 600	22 986	22 986	22 986	17 986	12 986	10 000
Consumer debtors	1	2 648	4 713	5 371	5 119	5 119	5 119	5 119	2 912	2 912	2 912
Other debtors		604	591	866	553	553	553	553	553	553	553
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	–	–	6	–	–	–	–	–	–	–
Total current assets		16 542	18 372	29 027	11 267	31 929	31 929	31 929	27 698	23 349	21 038
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	20 587	–	–	–	–	–	–
Investment property		20 587	20 587	20 587	–	20 587	20 587	20 587	20 587	20 587	20 587
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	40 227	43 393	45 138	53 570	57 284	57 284	57 284	65 028	70 450	75 914
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		71	65	–	23	23	23	23	23	23	23
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		60 885	64 046	65 725	74 180	77 894	77 894	77 894	85 638	91 060	96 524
TOTAL ASSETS		77 427	82 418	94 752	85 447	109 823	109 823	109 823	113 337	114 410	117 562
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	(69)	–	–	–	–	–	–	–	–
Borrowing	4	322	166	827	490	385	385	385	406	429	436
Consumer deposits		–	–	6	–	–	–	–	–	–	–
Trade and other payables	4	14 330	14 676	20 988	(108)	18 189	18 189	18 189	2 908	2 748	2 762
Provisions		–	–	2 733	–	–	–	–	–	–	–
Total current liabilities		14 651	14 773	24 554	382	18 574	18 574	18 574	3 314	3 177	3 198
Non current liabilities											
Borrowing		2 083	1 916	3 233	1 723	2 848	2 848	2 848	2 442	2 013	1 597
Provisions		1 400	1 540	401	2 122	2 095	2 095	2 095	2 095	2 095	2 095
Total non current liabilities		3 483	3 457	3 634	3 845	4 944	4 944	4 944	4 537	4 108	3 692
TOTAL LIABILITIES		18 134	18 230	28 188	4 227	23 518	23 518	23 518	7 852	7 285	6 891
NET ASSETS	5	59 293	64 188	66 564	81 220	86 305	86 305	86 305	105 485	107 124	110 671
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		52 552	64 188	66 478	81 220	86 219	86 219	85 551	104 731	106 371	109 918
Reserves	4	6 741	–	86	–	86	86	754	754	754	754
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	59 293	64 188	66 564	81 220	86 305	86 305	86 305	105 485	107 124	110 671

**Explanatory notes to Table A6 - Budgeted Financial Position**

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 15 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves

- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 13 MBRR Table A7 - Budgeted Cash Flow Statement**

**KZN432 Kwa Sani - Table A7 Budgeted Cash Flows**

Description		Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other			14 396	15 361	13 700	14 116	15 280	15 280	15 280	19 992	18 076	18 998
Government - operating		1	32 636	11 690	14 946	16 243	24 051	24 051	24 051	16 827	16 835	33 894
Government - capital		1	8 313	10 535	7 887	10 577	12 641	12 641	12 641	9 096	7 479	7 621
Interest			489	480	820	582	684	684	684	829	871	913
Dividends			-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees			(42 320)	(33 873)	(27 533)	(32 767)	(36 231)	(36 231)	(36 231)	(33 340)	(34 393)	(52 381)
Finance charges			(132)	(256)	(185)	(321)	(240)	(240)	(240)	(240)	(253)	(265)
Transfers and Grants		1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			13 382	3 937	9 634	8 431	16 185	16 185	16 185	13 163	8 615	8 781
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			(9 275)	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors			-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			-	-	-	23	-	-	-	-	-	-
Decrease (increase) in non-current investments			(3 649)	931	2 261	6 600	(799)	(799)	(799)	-	-	-
Payments												
Capital assets			(72)	(4 886)	(10 341)	(10 577)	(14 126)	(14 126)	(14 126)	(9 701)	(7 479)	(7 621)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(12 996)	(3 955)	(8 080)	(3 954)	(14 925)	(14 925)	(14 925)	(9 701)	(7 479)	(7 621)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing					515	(722)	-			-	-	-
Increase (decrease) in consumer deposits										-	-	-
Payments												
Repayment of borrowing			(339)	(322)	(441)	(556)	(385)	(385)	(385)	(485)	(485)	(485)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(339)	(322)	74	(1 278)	(385)	(385)	(385)	(485)	(485)	(485)
NET INCREASE/ (DECREASE) IN CASH HELD			47	(340)	1 629	3 199	875	875	875	2 977	651	675
Cash/cash equivalents at the year begin:		2	1 060	1 107	767	2 396	2 396	2 396	2 396	3 271	6 247	6 898
Cash/cash equivalents at the year end:		2	1 107	767	2 396	5 595	3 271	3 271	3 271	6 247	6 898	7 573

#### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- Cash levels of R6.2 million in 2013/14 and R6.8 million in 2014/2015.
- The municipality is planning to recover cash in terms of a debt collection strategy from consumers to ensure sufficient cash is available to meet daily requirements.
- The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

**Table 14 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

KZN432 Kwa Sani - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	1 107	767	2 396	5 595	3 271	3 271	3 271	6 247	6 898	7 573
Other current investments > 90 days		12 183	12 370	20 387	0	22 986	22 986	22 986	17 986	12 986	10 000
Non current assets - Investments	1	—	—	—	20 587	—	—	—	—	—	—
Cash and investments available:		13 290	13 137	22 783	26 182	26 257	26 257	26 257	24 233	19 884	17 573
Application of cash and investments											
Unspent conditional transfers		—	—	10 918	—	18 189	18 189	18 189	908	748	762
Unspent borrowing		835	835	835	835	835	835	835	835	835	835
Statutory requirements	2	236	252	270	349	309	309	309	(2 764)	(2 461)	(4 518)
Other working capital requirements	3	10 041	8 385	3 833	(4 528)	(5 391)	(5 391)	(5 391)	(1 873)	(1 292)	(1 292)
Other provisions		—	—	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	6 741	—	86	—	86	86	754	754	754	754
Total Application of cash and investments:		17 853	9 472	15 941	(3 344)	14 028	14 028	13 861	(2 140)	(1 416)	(3 459)
Surplus(shortfall)		(4 563)	3 665	6 842	29 526	12 230	12 230	12 397	26 374	21 301	21 033

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2013/14 to 2015/16 the surplus is R26 million and it decreases to R 21 million in the following years.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

**Table 15 MBRR Table A9 - Asset Management**

**KZN432 Kwa Sani - Table A9 Asset Management**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	8 858	3 163	4 357	7 248	4 771	4 771	6 854	4 207	-
Infrastructure - Road transport		-	-	-	2 000	1 123	1 123	5 253	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	479	479	-	-	-
Infrastructure		-	-	-	2 000	1 602	1 602	5 253	-	-
Community		8 737	1 976	2 349	2 200	2 010	2 010	1 112	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	121	1 187	2 008	3 048	1 159	1 159	490	4 207	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	505	1 706	5 984	3 329	9 355	9 355	2 848	3 272	7 621
Infrastructure - Road transport		-	1 490	5 984	2 644	7 655	7 655	821	3 272	7 621
Infrastructure - Electricity		-	-	-	-	100	100	1 408	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		18	-	-	-	1 335	1 335	-	-	-
Infrastructure		18	1 490	5 984	2 644	9 090	9 090	2 229	3 272	7 621
Community		437	-	-	620	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	50	215	-	65	265	265	618	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	1 490	5 984	4 644	8 778	8 778	6 074	3 272	7 621
Infrastructure - Road transport		-	1 490	5 984	4 644	8 778	8 778	6 074	3 272	7 621
Infrastructure - Electricity		-	-	-	-	100	100	1 408	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		18	-	-	-	1 814	1 814	-	-	-
Infrastructure		18	1 490	5 984	4 644	10 692	10 692	7 482	3 272	7 621
Community		9 174	1 976	2 349	2 820	2 010	2 010	1 112	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		171	1 402	2 008	3 113	1 424	1 424	1 108	4 207	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	9 363	4 869	10 341	10 577	14 126	14 126	9 701	7 479	7 621



## Kwa Sani Municipality

## 2013/14 Annual Budget and MTREF

<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
Infrastructure - Road transport		–	1 789	10 587	16 603	19 503	19 503	25 577	28 849	36 470
Infrastructure - Electricity		–	7 488	135	–	–	–	1 408	1 267	1 126
Infrastructure - Water		–	–	657	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	22 309	–	11 906	11 906	11 060	9 144	9 230
Infrastructure		–	9 277	33 689	16 603	31 409	31 409	38 045	39 260	46 826
Community		–	2 103	9 600	19 475	12 802	12 802	13 292	17 500	16 749
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		20 587	20 587	20 587	–	20 587	20 587	20 587	20 587	20 587
Other assets		–	1 771	1 849	38 080	13 073	13 073	13 692	13 691	12 339
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		71	65	–	23	23	23	23	23	23
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	<b>20 658</b>	<b>33 804</b>	<b>65 725</b>	<b>74 180</b>	<b>77 894</b>	<b>77 894</b>	<b>85 638</b>	<b>91 060</b>	<b>96 524</b>
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		1 414	1 473	1 842	1 770	1 957	1 957	1 957	2 057	2 158
<b>Repairs and Maintenance by Asset Class</b>	3	477	313	1 815	1 371	1 432	1 432	1 238	1 301	2 364
Infrastructure - Road transport		–	–	–	1 003	1 000	1 000	765	804	1 844
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	3	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	48	–	47	51	51	51	54	57
Infrastructure		–	51	–	1 050	1 051	1 051	816	858	1 900
Community		200	6	417	16	16	16	16	17	18
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	277	256	1 398	305	365	365	406	426	446
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>1 891</b>	<b>1 786</b>	<b>3 657</b>	<b>3 141</b>	<b>3 389</b>	<b>3 389</b>	<b>3 195</b>	<b>3 358</b>	<b>4 522</b>
<b>Renewal of Existing Assets as % of total capex</b>		5.4%	35.0%	57.9%	31.5%	66.2%	66.2%	29.4%	43.7%	100.0%
<b>Renewal of Existing Assets as % of deprecn"</b>		35.7%	115.8%	324.8%	188.1%	478.0%	478.0%	145.5%	159.1%	353.2%
<b>R&amp;M as a % of PPE</b>		1.2%	0.7%	4.0%	2.6%	2.5%	2.5%	1.9%	1.8%	3.1%
<b>Renewal and R&amp;M as a % of PPE</b>		5.0%	6.0%	12.0%	6.0%	14.0%	14.0%	5.0%	5.0%	10.0%

## Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet the recommendations currently due to budget constraints in 2013/14, however it will meet it 2014/15 and 2015/16.

Table 16 MBRR Table A10 - Basic Service Delivery Measurement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	–	–	–	–	–	–	–	–	–
Piped water inside yard (but not in dwelling)	–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	–	–	–	–	–	–	–	–	–
<b>Minimum Service Level and Above sub-total</b>	–	–	–	–	–	–	–	–	–
Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	–	–	–	–	–	–	–	–	–



Water (6 kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	87	96	102	160	114	114	139	146	153
Refuse (removed once a week)	51	126	204	204	331	331	299	315	332
<b>Total cost of FBS provided (minimum social package)</b>	<b>138</b>	<b>222</b>	<b>305</b>	<b>363</b>	<b>445</b>	<b>445</b>	<b>438</b>	<b>461</b>	<b>485</b>
<b>Highest level of free service provided</b>									
Property rates (R value threshold)	15,000	15,000	15,000	50,000	50,000	50,000	50,000	50,000	50,000
Water (kilolitres per household per month)									
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	55	55	55	55	55	55	55	55	55
<b>Revenue cost of free services provided (R'000)</b>									
Property rates (R15 000 threshold rebate)	16,335	16,335	16,335	17,160	17,160	17,160	17,160	17,160	17,160
Property rates (other exemptions, reductions and rebates)				12,005	8,250	8,250	7,463	7,844	8,228
Water									
Sanitation									
Electricity/other energy				160					
Refuse									
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
<b>Total revenue cost of free services provided (total social package)</b>	<b>16,335</b>	<b>16,335</b>	<b>16,335</b>	<b>29,324</b>	<b>25,410</b>	<b>25,410</b>	<b>24,623</b>	<b>25,004</b>	<b>25,388</b>

### Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- The Municipality reports on backlogs for :
  - Refuse services
- The budget provides for 111 households to be registered as indigent in 2012/13, and therefore entitled to receiving Free Basic Services. The number is set to increase to 190 households given by poor people seeking economic opportunities.
- It is anticipated that these Free Basic Services will cost the municipality R0.145 million in 2012/13, increasing to R0.226 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.

## Part 2 – Supporting Documentation

### 3.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the CFO.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 3.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2011. Key dates applicable to the process were:

- **15 March 2013** – Joint strategic planning session of the Council and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/14 MTREF;
- **November 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2013** – Multi-year budget proposals are submitted to the Council for endorsement;
- **14 February 2013** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;

- **February 2013** - Recommendations of the Council are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2013/14 MTREF is revised accordingly;
- **28 March 2013** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **16-24 April 2013** – Public consultation;
- **6 May 2013** - Closing date for written comments;
- **6 to 25 May 2013** – finalisation of the 2013/14 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **22-23 May** Budget Retreat session with Management and Council
- **31 May 2013** - Tabling of the 2013/14 MTREF before Council for consideration and approval.

### 3.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2013/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### 3.1.3 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Municipal growth
- Policy priorities and strategic objectives

- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

### **3.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);

- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 17 IDP Strategic Objectives**

2013/14
1.To build Transparent administrative body capable of achieving transparency and integrity whilst addressing the needs of KwaSani Community
2.To facilitate community development and involvement; ensure higher levels of democracy and public participation
3.To create enabling investment environment and provide all residents in the municipality with access to inclusive economy
4.To maintain improve and extend infrastructure and quality service delivery throughout the municipal area
5.To enhance revenue generation and establish sound financial leading to a financially viable municipality
6.Reflect council development strategies spatially. Enhance regional identity and unique character of place

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;

- Provide water;
- Provide sanitation;
- Provide waste removal;
- Provide housing;
- Provide roads and storm water;
- Provide public transport;
- Provide municipal planning services; and
- Maintaining the infrastructure of the Municipality.

2. Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the Municipality;
- Ensuring planning processes function in accordance with set timeframes;
- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective city cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;



In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 18 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Municipal Transformation and Institutional Development.	To build a transparent administrative body capable of achieving transparency and integrity whilst addressing employment equity and affirmative action.				-	-	-	-	-	-	-	-
Good Governance	To facilitate community development and involvement; ensure higher levels of democracy and public participation, To uphold Bato Pele principles.				6,653	480	1,144	1,005	1,005	2,355	2,426	3,553

Local Economic Development	To create enabling investment environment, and provide all residents in the municipality with access to inclusive economic growth opportunities including the poor, the youth, women and disabled.			-	-	-	-	-	-	-	-	-
Service Delivery and Infrastructure	To maintain, improve and extend infrastructure and quality of service delivery throughout the municipal area.	30,274	2,145	2,211	3,602	9,857	9,857	4,122	4,243	6,344		
Financial Viability and Management	To enhance revenue generation and establish sound financial leading to a financially viable municipality.	22,044	26,534	34,323	29,853	29,908	29,908	28,768	29,750	44,578		
Spatial Development Framework	Reflect council development strategies spatially, Enhance regional identity and inique character of place, Ensure conformance with the neighbouring local, district and provincial spatial development frameworks.	128	371	417	340	76	76	297	314	331		

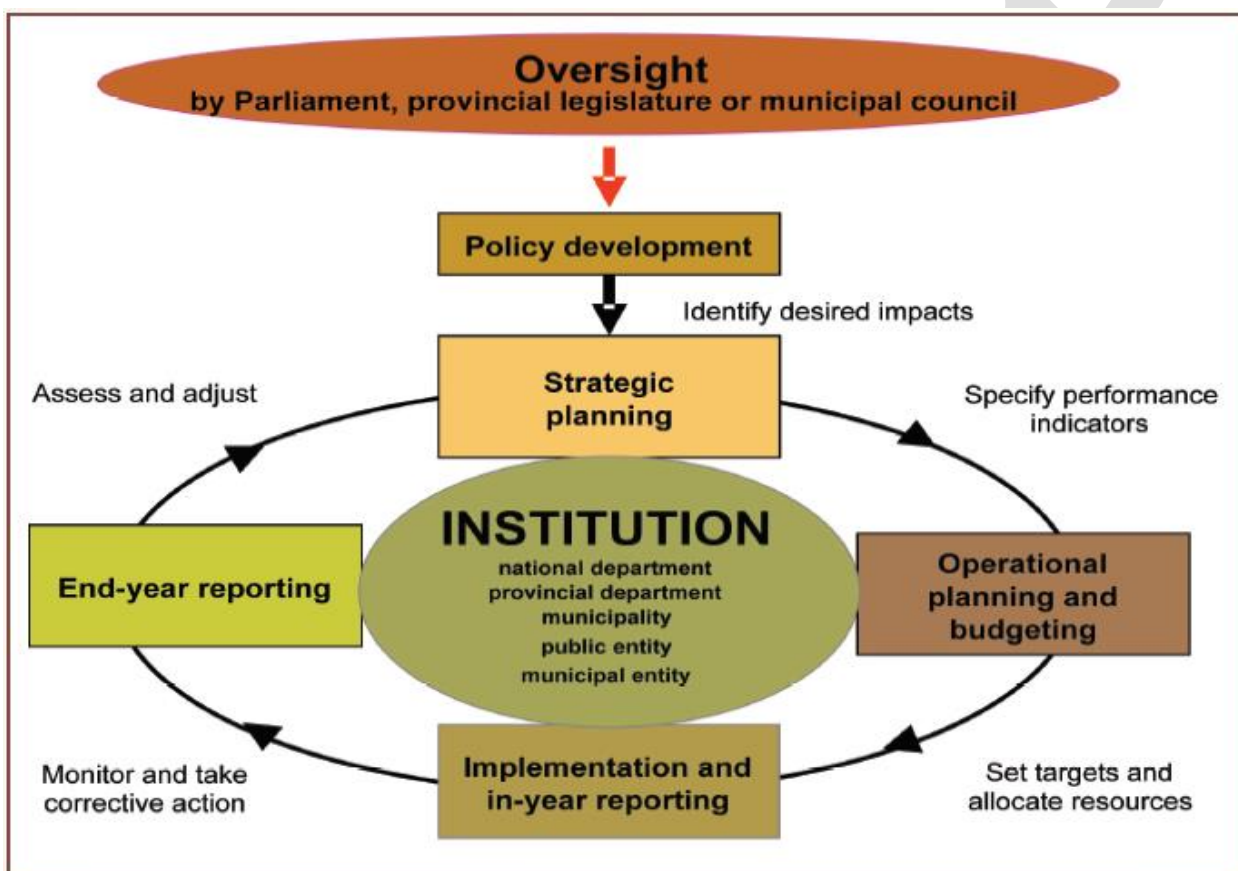
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	52,446	35,702	37,431	34,939	40,846	40,846	35,542	36,733	54,806

**KZN432 Kwa Sani - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)**

### 3.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



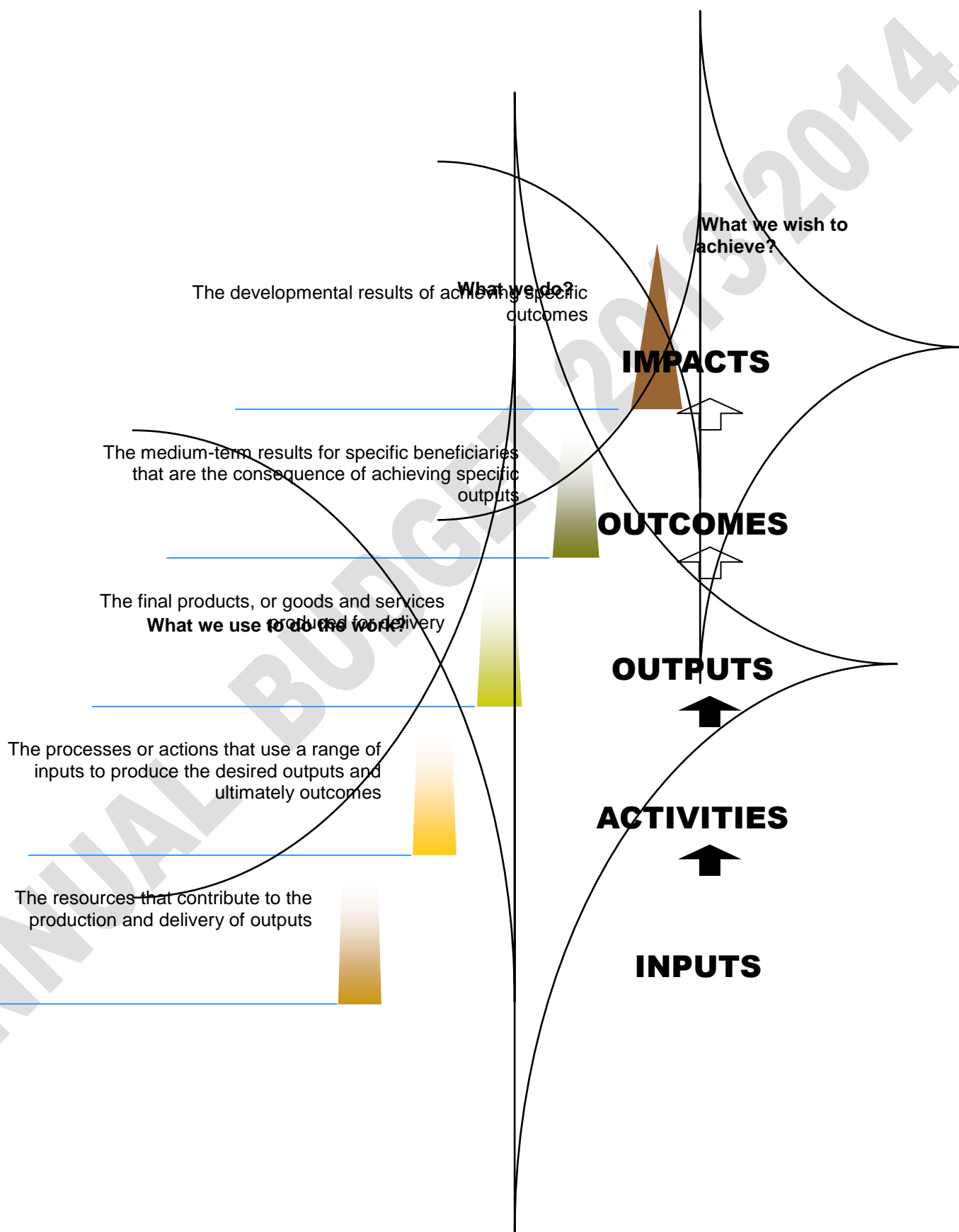
**Figure 2 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and

- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



**Figure 3 Definition of performance information concepts**

ANNUAL BUDGET 2013/2014

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

**Table 20 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b><u>Borrowing Management</u></b>											
Credit Rating		Good	Good	Good	Good	Good	Good	Good			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.4%	2.1%	2.5%	1.6%	1.6%	1.6%	2.0%	2.0%	1.4%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.4%	4.3%	4.7%	3.7%	3.7%	3.7%	3.9%	3.7%	3.8%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	3777.5%	0.0%	3319.8 %	3319.8%	3319.8 %	2846.2 %	2346.2 %	2318.2 %	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.2	1.2	29.5	1.7	1.7	1.7	9.0	8.0	7.3	–



Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	1.2	29.5	1.7	1.7	1.7	9.0	8.0	7.3	-
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	0.9	14.6	1.4	1.4	1.4	7.3	6.3	5.5	-
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		118.6%	100.0%	78.1%	95.0%	95.0%	95.0%	111.8%	95.0%	95.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			118.6%	100.0%	77.9%	95.0%	95.0%	95.0%	111.8%	95.0%	95.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	16.1%	21.0%	16.2%	13.9%	13.9%	13.9%	16.0%	15.4%	10.5%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%

[illegible]

i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	10.7	12.8	17.5	15.7	15.7	15.7	13.8	14.2	-	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	44.2%	48.2%	36.7%	37.1%	37.1%	37.1%	36.4%	34.6%	35.0%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.4	1.3	2.5	1.4	1.4	1.4	2.6	2.8	2.4	-

### 3.3.1 Performance indicators and benchmarks

#### 3.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, KSM's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is made up of a finance lease and a DBSA loan. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 2.2% to 1.8% in 2014/15, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 3.7% which is significantly low.

### **3.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

#### **3.4.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in May 2011 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed,

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 70 % on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

#### **3.4.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction. Budget Adjustment Policy

#### **3.4.3 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in May 2011. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

### **3.4.4 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in May 2011.

### **3.4.5 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy was approved by Council in May 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

### **3.4.6 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Indigent Policy.

## **3.5 Overview of budget assumptions**

### **3.5.1 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;

- The impact of municipal cost drivers;
- The increase in the cost of remuneration. Employee related costs comprise 48% of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

### **3.5.2 Interest rates for borrowing and investment of funds**

Loan with DBSA and a finance lease with West bank are the 2 sources of borrowing that the municipality has to pay back.

### **3.5.3 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (70%) of annual billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **3.5.4 Salary increases**

The municipality has opted to budget for a 7% increase as per circular 67

### **3.5.5 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### 3.5.6 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100% on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

## 3.6 Overview of budget funding

### 3.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

**Table 21 Breakdown of the operating revenue over the medium-term**

KZN432 Kwa Sani - Table A1 Budget Summary

Description R thousands	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Financial Performance</b>										
Property rates	7 953	9 974	10 785	12 576	12 773	12 773	12 773	13 151	13 824	14 517
Service charges	1 689	1 800	1 925	2 496	2 205	2 205	2 205	2 083	2 195	2 314
Investment revenue	489	480	820	582	720	720	720	829	871	913
Transfers recognised - operational	32 636	19 459	15 040	16 243	24 051	24 051	24 051	16 827	16 835	33 894
Other own revenue	1 365	1 222	1 067	3 042	1 097	1 097	1 097	2 652	3 008	3 168
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>44 133</b>	<b>32 935</b>	<b>29 638</b>	<b>34 939</b>	<b>40 846</b>	<b>40 846</b>	<b>40 846</b>	<b>35 542</b>	<b>36 733</b>	<b>54 806</b>

**Table 22 Proposed tariff increases over the medium-term**

#### Rates

2013/2014 RATES BUDGET					
		PROPERTY	Total	Rebates	Nett Amount
		VALUES	Assessment		
CAT1	RESIDENTIAL	611 760 000.00	6 558 930.38	-1 742 322.55	4 816 607.82
CAT2	COMMERCIAL	157 045 000.00	3 694 328.97	-1 030 858.24	2 663 470.73
CAT3	AGRICULTURAL	1 665 984 000.00	4 908 388.70	-2 830 121.76	2 078 266.94
CAT4	STATE OWNED	525 486 000.00	670 727.10	0.00	670 727.10
CAT5	PSI	22 283 000.00	65 651.07	-19 695.32	45 955.75
CAT6	PBO	23 678 000.00	69 761.07	-69 761.07	0.00
CAT8	TOURISM	397 227 000.00	2 336 457.44	-1 249 083.65	1 087 373.79
CAT9	OTHER	7 000 000.00	20 623.68	-20 623.68	0.00
CAT10		103 670 000.00	1 187 794.92	-400 185.25	787 609.67
CAT11		29 830 000.00	334 504.79	-100 695.53	233 809.26
		<b>3 543 963 000.00</b>	<b>19 847 168.11</b>	<b>-7 463 347.05</b>	<b>12 383 821.07</b>

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on an average of 5,6 % increase from 1 July 2013 is contained below:

**Table 1 Comparison of proposed rates tariffs for the 2013/13 financial year**

CAT	CAT Description	Current Tariffs 2012/2013	Proposed Tariffs 2013/2014	R Variance	% Variance
CAT1	RESIDENTIAL	1.114	1.176	0.06	5.6%
CAT2	COMMERCIAL	2.228	2.353	0.13	5.6%
CAT3	AGRICULTURAL	0.279	0.295	0.02	5.6%
CAT4	STATE OWNED	1.114	1.176	0.06	5.6%
CAT5	PSI	0.279	0.295	0.02	5.6%
CAT6	PBO	0.279	0.295	0.02	5.6%
CAT8	TOURISM & HOSPITALITY RURAL	0.557	0.588	0.03	5.6%
CAT9	OTHER	0.279	0.295	0.02	5.6%
CAT10	RESIDENTIAL SMALL HOLDING	1.114	1.176	0.06	5.6%
CAT11	TOURISM & HOSPITALITY URBAN	1.114	1.176	0.06	5.6%

Anticipated Revenue to be generated from property rates is R20 million in the 2013/14 financial year before rebates. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality completed the data verification and validation relating to the Second General valuation roll which was implemented on the 01 July 2013.

KwaSani Local Municipality is grant dependent, 58% of the total revenue is attributed to grants revenue. Rates and service charge revenues comprise on 28% of the total revenue mix. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.



REFUSE TARIFFS - 2013/2014					
	2012/2013	2013/2014	Variance		
Category	Rands	Rands	Rands	% Increase	Reasons
Government Housing	457.32	482.93	25.61	5.6%	
Residential Sectional Title with 75% Pensioners Discount	579.07	611.50	32.43	5.6%	Properties on Sectional Title Schemes received 20% discount because there is one collection point
Residential Full Title with 75% Pensioners Discount	702.75	742.10	39.35	5.6%	
Residential Sectional Title with 50% Pensioners Discount	158.13	166.99	8.86	5.6%	
Residential Full Title with 50% Pensioners Discount	1 447.67	1 528.74	81.07	5.6%	
Residential Sectional Title properties with 20% Discount	2 316.26	2 445.97	129.71	5.6%	
Residential properties	2 895.33	3 057.47	162.14	5.6%	
<b>Small Business</b>					
Small Volumes of Waste and Easy to Handle	3 581.31	3 781.86	200.55	5.6%	
Small Volumes of Waste and Easy to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point					
<b>Medium</b>					
Significant Volumes of Waste and Easy to Handle	7 314.03	7 723.62	409.59	5.6%	
<b>Medium</b>					
Significant Volumes of Waste and Easy to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point	5 851.22	6 178.89	327.67	5.6%	
<b>Large</b>					
Significant Volumes of Waste and difficult to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point	11 824.40	12 486.57	662.17	5.6%	
<b>Large</b>					
Significant Volumes of Waste and difficult to Handle	14 780.50	15 608.21	827.71	5.6%	
<b>Sectional Title</b>					
Automatic 20% rebate - additional rebate for properties either 50% or 75% based on Income & Assets					

Operational grants and subsidies amount to R16.827 million, R16.835 million and R33.894 million for each of the respective financial years of the MTREF. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality's with a budget allocation of R0.829 million, R0.871 million and R0.913 million for each of the respective financial years of the MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

**Table 23 MBRR SA15 – Detail Investment Information**

Investment type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>									
<b><u>Parent municipality</u></b>									
Securities - National Government Listed Corporate Bonds									
Deposits - Bank Deposits - Public Investment Commissioners	13,230	12,372	20,386	23,187	22,986	22,986	17,986	12,986	10,000
<b>Municipality sub-total</b>	<b>13,230</b>	<b>12,372</b>	<b>20,386</b>	<b>23,187</b>	<b>22,986</b>	<b>22,986</b>	<b>17,986</b>	<b>12,986</b>	<b>10,000</b>
<b><u>Entities</u></b>									
Securities - National Government Listed Corporate Bonds Deposits - Bank									
<b>Entities sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated total:</b>	<b>13,230</b>	<b>12,372</b>	<b>20,386</b>	<b>23,187</b>	<b>22,986</b>	<b>22,986</b>	<b>17,986</b>	<b>12,986</b>	<b>10,000</b>

**Table 24 MBRR SA16 – Investment particulars by maturity**

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment
Name of institution & investment ID	Yrs/Months							
<b><u>Parent municipality</u></b>								
FNB Various- Available funds	>1yr	Call	yes	variable	0.035			>1yr
FNB-62116486087-Ceded to DBSA	>1yr	Call	yes	variable	0.035			>1yr
Investec-125677-Ceded to DBSA	>1yr	Call	yes	variable	0.035			>1yr

Nedbank-9010975386-Ceded to DBSA	>1yr	Call	yes	variable	0.035			>1yr
FNB-Various-Conditional Grants	<1yr	Call	yes	variable	0.035			>1yr
Small town Rehabilitation	<1yr	Call	yes	variable	0.035			>1yr
Reichenau	<1yr	Call	yes	variable	0.035			>1yr
<b>Municipality sub-total</b>								
<b>Entities</b>								
<b>Entities sub-total</b>								
<b>TOTAL INVESTMENTS AND INTEREST</b>								

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R 30 720, R272 345 and R595 535 in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

### 3.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2011/12 medium-term capital programme:

**Table 25 MBRR Table SA 17 - Detail of borrowings**

## 14

PPP liabilities  
Finance Granted By Cap Equipment Supplier  
Marketable Bonds  
Non-Marketable Bonds  
Bankers Acceptances  
Financial derivatives  
Other Securities

**Municipality sub-total**

**Entities**

Long-Term Loans (annuity/reducing balance)  
Long-Term Loans (non-annuity)  
Local registered stock  
Instalment Credit  
Financial Leases  
PPP liabilities  
Finance Granted By Cap Equipment Supplier  
Marketable Bonds  
Non-Marketable Bonds  
Bankers Acceptances  
Financial derivatives  
Other Securities

[illegible]

DBSA loan and finance lease for vehicles contribute to the capital and interest finance costs in the income and expenditure statement.

**Table 26 MBRR Table SA 18 - Capital transfers and grant receipts**

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>									
<b>RECEIPTS:</b>									
<b><u>Operating Transfers and Grants</u></b>									
<b>National Government:</b>	9,969	10,915	12,807	15,354	15,341	15,341	16,372	16,368	33,105
Local Government Equitable Share	7,103	8,754	10,517	12,054	12,054	12,054	12,846	13,634	15,188
Finance Management			1,500	1,500	1,487	1,487	1,636	1,800	1,950
Municipal Systems Improvement	2,131	1,726	790	800	800	800	890	934	967
EPWP Incentive		434	–	1,000	1,000	1,000	1,000	–	
Integrated National Electrification Programme									15,000
Other transfers/grants [insert description]	735								
<b>Provincial Government:</b>	54	67	1,521	854	8,614	8,614	454	467	789
Sport and Recreation			300		150	150	–	–	–
Arts and Culture Grants & Property Rates, Corridor & Small Town Rehab, SDF, Housing, Animal Pound	54	67	1,221	854	8,464	8,464	454	467	789
<b>District Municipality:</b>	–	397	–	35	96	96	–	–	–
Capacity Building		123		35	75	75	–	–	–
Shared Planner & Internal Audit		274			21	21	–	–	–
<b>Other grant providers:</b>	436	586	–	–	–	–	–	–	–
DBSA	436	586							
<b>Total Operating Transfers and Grants</b>	<b>10,459</b>	<b>11,965</b>	<b>14,328</b>	<b>16,243</b>	<b>24,051</b>	<b>24,051</b>	<b>16,826</b>	<b>16,835</b>	<b>33,894</b>
<b><u>Capital Transfers and Grants</u></b>									
<b>National Government:</b>	<b>10,214</b>	<b>2,768</b>	<b>7,887</b>	<b>9,567</b>	<b>9,580</b>	<b>9,580</b>	<b>9,097</b>	<b>7,479</b>	<b>7,621</b>
Municipal Infrastructure Grant (MIG)	10,214	2,768	7,887	9,567	9,567	9,567	9,083	7,479	7,621
Finance Management									

	-	-	-	-	13	13	14	-	-
<b>Provincial Government:</b>	-	-	16,794	-	3,061	3,061	-	-	-
Cogta & INEG, Small Town Rehab			16,794	-	3,061	3,061			
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
Capacity Building									
<b>Other grant providers:</b>	-	-	-	-	-	-	-	-	-
DBSA									
<b>Total Capital Transfers and Grants</b>	10,214	2,768	24,681	9,567	12,641	12,641	9,097	7,479	7,621
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	20,673	14,733	39,009	25,810	36,692	36,692	25,923	24,314	41,515

### 3.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 27 MBRR Table A7 - Budget cash flow statement**

KZN432 Kwa Sani - Table A7 Budgeted Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		14 396	15 361	13 700	14 116	15 280	15 280	15 280	19 992	18 076	18 998
Government - operating	1	32 636	11 690	14 946	16 243	24 051	24 051	24 051	16 827	16 835	33 894
Government - capital	1	8 313	10 535	7 887	10 577	12 641	12 641	12 641	9 096	7 479	7 621
Interest		489	480	820	582	684	684	684	829	871	913
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(42 320)	(33 873)	(27 533)	(32 767)	(36 231)	(36 231)	(36 231)	(33 340)	(34 393)	(52 381)
Finance charges		(132)	(256)	(185)	(321)	(240)	(240)	(240)	(240)	(253)	(265)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>13 382</b>	<b>3 937</b>	<b>9 634</b>	<b>8 431</b>	<b>16 185</b>	<b>16 185</b>	<b>16 185</b>	<b>13 163</b>	<b>8 615</b>	<b>8 781</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		(9 275)	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	23	-	-	-	-	-	-
Decrease (increase) in non-current investments		(3 649)	931	2 261	6 600	(799)	(799)	(799)	-	-	-
<b>Payments</b>											
Capital assets		(72)	(4 886)	(10 341)	(10 577)	(14 126)	(14 126)	(14 126)	(9 701)	(7 479)	(7 621)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(12 996)</b>	<b>(3 955)</b>	<b>(8 080)</b>	<b>(3 954)</b>	<b>(14 925)</b>	<b>(14 925)</b>	<b>(14 925)</b>	<b>(9 701)</b>	<b>(7 479)</b>	<b>(7 621)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans											
Borrowing long term/refinancing				515	(722)	-	-	-	-	-	-
Increase (decrease) in consumer deposits											
<b>Payments</b>											
Repayment of borrowing		(339)	(322)	(441)	(556)	(385)	(385)	(385)	(485)	(485)	(485)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(339)</b>	<b>(322)</b>	<b>74</b>	<b>(1 278)</b>	<b>(385)</b>	<b>(385)</b>	<b>(385)</b>	<b>(485)</b>	<b>(485)</b>	<b>(485)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>47</b>	<b>(340)</b>	<b>1 629</b>	<b>3 199</b>	<b>875</b>	<b>875</b>	<b>875</b>	<b>2 977</b>	<b>651</b>	<b>675</b>
Cash/cash equivalents at the year begin:	2	1 060	1 107	767	2 396	2 396	2 396	2 396	3 271	6 247	6 898
Cash/cash equivalents at the year end:	2	1 107	767	2 396	5 595	3 271	3 271	3 271	6 247	6 898	7 573

**Table 28 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4							-
Chief Whip								-
Executive Mayor			232 949		-			232 949
Deputy Executive Mayor								-
Executive Committee								-
Total for all other councillors			762 481		-			762 481
<b>Total Councillors</b>	8	-	<b>995 430</b>	-	-			<b>995 430</b>
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			763 518	869	18 157			782 544
Chief Financial Officer			583 436	1 497	114 041	34 833		733 807

Director Community Services <i>List of each official with packages &gt;= senior manager</i>			424 163	27 029	72 109	33 336		556 637
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	-	1 771 117	29 395	204 307	68 169		2 072 988
<b><u>A Heading for Each Entity</u></b> List each member of board by designation	6,7							
<b>Total for municipal entities</b>	8,10	-	-	-	-	-		-
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	-	2 766 547	29 395	204 307	68 169		3 068 418

[illegible]



Plant and Machine Operators									
Elementary Occupations									
<b>TOTAL PERSONNEL NUMBERS</b>	<b>93</b>	<b>69</b>	<b>24</b>	<b>96</b>	<b>71</b>	<b>25</b>	<b>103</b>	<b>77</b>	<b>26</b>
<b>% increase</b>				3,2%	2,9%	4,2%	7,3%	8,5%	4,0%
<b>Total municipal employees headcount</b>	<b>93</b>	<b>69</b>	<b>24</b>	<b>96</b>	<b>71</b>	<b>25</b>	<b>103</b>	<b>77</b>	<b>26</b>
Finance personnel headcount	13	7	6	13	7	6	17	11	6
Human Resources personnel headcount	2	2	–	3	2	1	3	2	1

### 3.7 Monthly targets for revenue, expenditure and cash flow

Table 33 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN432 Kwa Sani - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue - Standard</b>																
<b>Governance and administration</b>		2 594	2 594	2 783	2 783	2 783	2 783	2 783	2 783	2 783	2 783	2 783	886	31 123	32 176	48 131
Executive and council		196	196	196	196	196	196	196	196	196	196	196	196	198	2 355	3 553
Budget and treasury office		2 397	2 397	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	688	28 768	29 750	44 578
Corporate services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		147	147	147	147	147	147	147	147	147	147	147	147	1 765	1 819	2 665
Community and social services		139	139	139	139	139	139	139	139	139	139	139	139	1 666	1 716	2 514
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		8	8	8	8	8	8	8	8	8	8	8	8	100	103	151
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		35	35	35	35	35	35	35	35	35	35	35	35	421	433	634
Planning and development		10	10	10	10	10	10	10	10	10	10	10	10	124	128	187
Road transport		25	25	25	25	25	25	25	25	25	25	25	25	297	305	447
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Trading services</b>		186	186	186	186	186	186	186	186	186	186	186	186	2 233	2 305	3 377
Electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		186	186	186	186	186	186	186	186	186	186	186	186	2 233	2 305	3 377
<b>Other</b>		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Standard</b>		2 962	2 962	3 152	3 152	3 152	3 152	3 152	3 152	3 152	3 152	3 152	1 254	35 542	36 733	54 806
<b>Expenditure - Standard</b>																
<b>Governance and administration</b>		1 548	1 690	1 678	1 678	1 678	1 678	1 678	1 678	1 678	1 678	1 678	234	18 578	19 135	28 051
Executive and council		479 857.58	479 857.58	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	581	5 758	5 931	8 694
Budget and treasury office		#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	(346)	12 820	13 205	19 357
Corporate services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		849	847	847	847	847	847	847	847	847	847	847	865	10 185	10 591	15 525
Community and social services		626 141.25	613	613	613	613	613	613	613	613	613	613	757	7 514	7 839	11 492
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		222 608.83	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	108	2 671	2 751	4 033
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		326	328	328	328	328	328	328	328	328	328	328	303	3 914	4 030	6 908
Planning and development		182 017.17	184	184	184	184	184	184	184	184	184	184	159	2 184	2 250	3 298
Road transport		144 117.42	144	144	144	144	144	144	144	144	144	144	143	1 729	1 781	3 611
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Trading services</b>		153	151	151	151	151	151	151	151	151	151	151	165	1 832	1 887	2 766
Electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		152 664.50	151	151	151	151	151	151	151	151	151	151	165	1 832	1 887	2 766
<b>Other</b>		85 790.50	94	94	94	94	94	94	94	94	94	94	1	1 029	1 060	1 554
<b>Total Expenditure - Standard</b>		2 961	3 111	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	1 568	35 538	36 703	54 804
<b>Surplus/(Deficit) before assoc.</b>		0	(149)	52	52	52	52	52	52	52	52	52	(313)	4	30	2
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit)</b>	1	0	(149)	52	52	52	52	52	52	52	52	52	(313)	4	30	2

**Table 30 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

KZN432 Kwa Sani - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2013/14										
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May
<b>R thousand</b>												
<b>Multi-year expenditure to be appropriated</b>	1											
Vote 1 - Governance & Administration					178	178	178	178	178	178	178	178
Vote 2 - Community & Public Safety												
Vote 3 - Trading Services												
Vote 4 - Economic and Environmental Services				748	748	748	748	748	748	748	748	748
Vote 5 - Other												
Vote 6 - [NAME OF VOTE 6]												
Vote 7 - [NAME OF VOTE 7]												
Vote 8 - [NAME OF VOTE 8]												
Vote 9 - [NAME OF VOTE 9]												
Vote 10 - [NAME OF VOTE 10]												
Vote 11 - [NAME OF VOTE 11]												
Vote 12 - [NAME OF VOTE 12]												
Vote 13 - [NAME OF VOTE 13]												
Vote 14 - [NAME OF VOTE 14]												
Vote 15 - [NAME OF VOTE 15]												
<b>Capital multi-year expenditure sub-total</b>	2	-	-	748	926	926	926	926	926	926	926	926
<b>Single-year expenditure to be appropriated</b>												
Vote 1 - Governance & Administration							63					
Vote 2 - Community & Public Safety							305					
Vote 3 - Trading Services												
Vote 4 - Economic and Environmental Services												
Vote 5 - Other												
Vote 6 - [NAME OF VOTE 6]												
Vote 7 - [NAME OF VOTE 7]												
Vote 8 - [NAME OF VOTE 8]												
Vote 9 - [NAME OF VOTE 9]												
Vote 10 - [NAME OF VOTE 10]												
Vote 11 - [NAME OF VOTE 11]												
Vote 12 - [NAME OF VOTE 12]												
Vote 13 - [NAME OF VOTE 13]												
Vote 14 - [NAME OF VOTE 14]												
Vote 15 - [NAME OF VOTE 15]												
<b>Capital single-year expenditure sub-total</b>	2	-	-	-	-	-	368	-	-	-	-	-
<b>Total Capital Expenditure</b>	2	-	-	748	926	926	1 294	926	926	926	926	926

### 3.8 Contracts having future budgetary implications

There are currently no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget & Treasury Office.

### 3.9 Capital expenditure details

The following 2 tables present details of the KSM's capital expenditure programme, firstly on the renewal of assets and finally on the repair and maintenance of assets.

Table 31 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset

ANNUAL BUDGET 2013/2014

KZN432 Kwa Sani - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

[illegible]

**Table 32 MBRR SA34c - Repairs and maintenance expenditure by asset class**

ANNUAL BUDGET 2013/2014

KZN432 Kwa Sani - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		–	51	–	1 050	1 051	1 051	816	858	1 900
Infrastructure - Road transport		–	–	–	1 003	1 000	1 000	765	804	1 844
Roads, Pavements & Bridges		–	–		1 000	1 000	1 000	765	804	1 844
Storm water		–			3	–	–			
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Generation		–								
Transmission & Reticulation		–	–							
Street Lighting		–								
Infrastructure - Water		–	3	–	–	–	–	–	–	
Dams & Reservoirs		–	3							
Water purification		–	–							
Reticulation		–	–							
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation		–								
Sewerage purification		–								
Infrastructure - Other		–	48	–	47	51	51	51	54	57
Waste Management		–	33		30	27	27	27	29	30
Transportation	2	–	15		17	24	24	24	25	27
Gas		–								
Other	3	–								
Community		200	6	417	16	16	16	16	17	18
Parks & gardens		–								
Sportsfields & stadia		–	6	52	16	16	16	16	17	18
Swimming pools		–								
Community halls		200	–	365						
Libraries		–	–							
Recreational facilities		–								
Fire, safety & emergency		–	–							
Security and policing		–								
Buses	7	–	–							
Clinics		–	–							
Museums & Art Galleries		–	–							
Cemeteries		–	–							
Social rental housing	8	–	–							
Other		–	–							
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings		–	–							
Other	9	–	–							
Investment properties		–	–	–	–	–	–	–	–	–
Housing development		–	–							
Other		–	–							
Other assets		277	256	1 398	305	365	365	406	426	446
General vehicles		–	–		93	148	148	60	155	163
Specialised vehicles	10	84	64	–	70	83	83	83	87	91
Plant & equipment		–	5	52	6	11	11	11	12	12
Computers - hardware/equipment		25	–	200	–	–	–	20	–	–
Furniture and other office equipment		30	22	122	–	–	–	47	49	52
Abattoirs		–	13	–	–	–	–	–	–	–
Markets		–	–		–	–	–	–	–	–
Civic Land and Buildings		13	63		–	–	–	–	–	–
Other Buildings		86	42	573	136	124	124	76	30	30
Other Land		–	–	382	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)		–	–		–	–	–	–	–	–
Other		39	47	69		–		109	92	97
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class		–	–							
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class		–	–							
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming		–	–							
Other (list sub-class)		–	–							
Total Repairs and Maintenance Expenditure	1	477	313	1 815	1 371	1 432	1 432	1 238	1 301	2 364
Specialised vehicles		84	64	–	70	83	83	83	87	91
Refuse		84	64		70	83	83	83	87	91
Fire		–								
Conservancy		–								
Ambulances		–								
R&M as a % of PPE		1.2%	0.7%	4.0%	2.6%	2.5%	2.5%	1.9%	1.8%	3.1%
R&M as % Operating Expenditure		1.1%	1.0%	6.0%	3.9%	3.6%	3.6%	3.5%	3.5%	4.3%

Table 33 MBRR SA35 - Future financial implications of the capital budget

**KZN432 Kwa Sani - Supporting Table SA35 Future financial implications of the cap**

Vote Description  R thousand	Ref	2013/14 Medium Term Revenue & Expenditure Framework		
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure</b>	1			
Vote 1 - Governance & Administration		63	—	—
Vote 2 - Community & Public Safety		1 906	4 207	—
Vote 3 - Trading Services		225	—	—
Vote 4 - Economic and Environmental Services		7 507	3 272	7 621
Vote 5 - Other		—	—	—
Vote 6 - [NAME OF VOTE 6]		—	—	—
Vote 7 - [NAME OF VOTE 7]		—	—	—
Vote 8 - [NAME OF VOTE 8]		—	—	—
Vote 9 - [NAME OF VOTE 9]		—	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—
<i>List entity summary if applicable</i>				
<b>Total Capital Expenditure</b>		<b>9 701</b>	<b>7 479</b>	<b>7 621</b>
<b>Future operational costs by vote</b>	2			
Vote 1 - Governance & Administration				
Vote 2 - Community & Public Safety				
Vote 3 - Trading Services				
Vote 4 - Economic and Environmental Services				
Vote 5 - Other				
Vote 6 - [NAME OF VOTE 6]				
Vote 7 - [NAME OF VOTE 7]				
Vote 8 - [NAME OF VOTE 8]				
Vote 9 - [NAME OF VOTE 9]				
Vote 10 - [NAME OF VOTE 10]				
Vote 11 - [NAME OF VOTE 11]				
Vote 12 - [NAME OF VOTE 12]				
Vote 13 - [NAME OF VOTE 13]				
Vote 14 - [NAME OF VOTE 14]				
Vote 15 - [NAME OF VOTE 15]				
<i>List entity summary if applicable</i>				
<b>Total future operational costs</b>		<b>—</b>	<b>—</b>	<b>—</b>
<b>Future revenue by source</b>	3			
Property rates				
Property rates - penalties & collection charges				
Service charges - electricity revenue				
Service charges - water revenue				
Service charges - sanitation revenue				
Service charges - refuse revenue				
Service charges - other				
Rental of facilities and equipment				
<i>List other revenues sources if applicable</i>				
<i>List entity summary if applicable</i>				
<b>Total future revenue</b>		<b>—</b>	<b>—</b>	<b>—</b>
<b>Net Financial Implications</b>		<b>9 701</b>	<b>7 479</b>	<b>7 621</b>

**Table 34 MBRR SA36 - Detailed capital budget per municipal vote**

KZN432 Kwa Sani - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project																
R thousand	4	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project Information	
					6	3	3	5		Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
Parent municipality: List all capital projects grouped by Municipal Vote																
Vote 2 - Community & Public Safety		HIMEVILLE CRECHE	GKZN/347/11/12		No	Community	Civic Land and Buildings		700	683	-	-	-	-		2-NEW
Vote 2 - Community & Public Safety		MOATSHENI HALL	GKZN/347/11/12		No	Community	Community halls		1 054	978	-	-	-	-		1-NEW
Vote 1 - Governance & Administration		LICENSING OFFICE			No	Other	Buildings		1 010	646	-	-	-	-		2-NEW
Vote 2 - Community & Public Safety		REICHIAU MISSION			No	Community	Other Buildings		5 000	461	-	-	-	-		2-RENEWAL
Vote 4 - Economic and Environmental Services		UND & HWY ROAD UPGRADE	GKZN/354/11/12		No	Infrastructure - Road transport	Roads, Pavements & Bridges		20 952	6 156	3 082	821	3 272	7 621	1,2,3 & 4	RENEWAL
Vote 2 - Community & Public Safety		ENHLANLENI SPORTS FIELD	GKZN/359/11/12		No	Community	Sportsfields & stadia		907	688	-	-	-	-		2-RENEWAL
Vote 4 - Economic and Environmental Services		UPGRADE OF STREET LIGHTS			No	Infrastructure - Electricity	Street Lighting		1 643	135	100	1 408	-	-	3 & 2	RENEWAL
Vote 1 - Governance & Administration		MOTOR VEHICLES			No	Other	General vehicles		1 094	594	200	450	-	-	1,2,3 & 4	RENEWAL
Vote 4 - Economic and Environmental Services		KWA PITELA GRAVEL ACCESS ROAD			No	Infrastructure - Road transport	Roads, Pavements & Bridges		907	907	-	-	-	-		1-RENEWAL
Vote 4 - Economic and Environmental Services		ENHLANLENI GRAVEL ACCESS ROAD			No	Infrastructure - Road transport	Roads, Pavements & Bridges		505	505	-	-	-	-		2-RENEWAL
Vote 4 - Economic and Environmental Services		STREET TAXI STOP SHELTERS & TAXI RANK			No	Infrastructure - Road transport	Transportation		1 813	1 813	-	-	-	-	3 & 2	RENEWAL
Vote 2 - Community & Public Safety		CONSTRUCTION OF RIDGE SPORTS FIELD			No	Community	Sportsfields & stadia		3 122	2 010	1 112	-	-	-		1-NEW
Vote 4 - Economic and Environmental Services		HIMEVILLE BUSINESS HIVE & REHABILITATION OF UNDERBROG TO			No	Community	Other		12 085	2 994	490	4 207	-	-		2-NEW
Vote 4 - Economic and Environmental Services		RIDGE PEDESTRIAN BRIDGE			No	Infrastructure - Road transport	Roads, Pavements & Bridges		2 848	100	2 748	-	-	-		1-NEW
Vote 4 - Economic and Environmental Services		ZINKIVANAMHLANGENI PEDESTRIAN BRIDGE			No	Infrastructure - Road transport	Roads, Pavements & Bridges		3 528	1 023	2 505	-	-	-		1-NEW
Vote 1 - Governance & Administration		FURNITURE & FITTINGS, SMALL TOOLS & EQUIPMENT			No	Other	Other		150	1 390	168	-	-	-		1-NEW
Parent Capital expenditure	1											9 701	7 479	7 621		
Entities: List all capital projects grouped by Entity																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure										-	-	-	-	-		
Total Capital expenditure										10 342	14 136	9 701	7 479	7 621		

References

1. Must reconcile with Budgeted Capital Expenditure



### 3.10 Municipal manager's quality certificate



Kwa Sani Municipality  
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3256

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**Local Economic Dev.**

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## KWA SANI MUNICIPALITY

### Municipal manager's quality certificate

I, Nokubonga C. James, municipal manager of Kwa Sani Municipality, hereby certify that the 2013/2014 Final Budget and Supporting Documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Budget and Supporting Documents are consistent with the Integrated Development Plan of the municipality.

Print Name MS. NOKUBONGA C. JAMES

Municipal manager Kwa Sani Municipality (KZN 432)

Signature 

Date : 28 May 2013

**EXTRACT OF MINUTES OF KWA SANI SPECIAL COUNCIL MEETING HELD ON  
THE 28TH MAY 2013 AT 10H00 IN ARMS HOTEL, HIMEVILLE.**


<b>Present:</b>	<b>Cllrs</b>	<b>M. Banda</b>	<b>ANC Mayor</b>
		<b>S. Mqwambi</b>	<b>ANC Councillor</b>
		<b>P. Majozi</b>	<b>ANC Councillor</b>
		<b>N. Mncwabe</b>	<b>ANC Councillor</b>
		<b>P. Crawley</b>	<b>DA Councillor</b>
<b>Mesdames</b>		<b>D. Adam</b>	<b>DA Councillor</b>
		<b>N. James</b>	<b>Municipal Manager</b>
		<b>S. McAllister</b>	<b>Community Services Manager</b>
		<b>N. Zondi</b>	<b>Corporate Services Manager</b>
		<b>L. Mhlophe</b>	<b>IDP /PMS Officer</b>
<b>Merr's</b>		<b>T. Ngobese-Zulu</b>	<b>Committee Clerk</b>
		<b>T. Mketsu</b>	<b>CFO</b>
		<b>B. Ntshiza</b>	<b>Special Programmes Officer</b>
		<b>S. Zondi</b>	<b>Acting HR Manager</b>
		<b>P. Mtungwa</b>	<b>Budget Control Officer</b>
<b>Leave of Absence</b>		<b>J. Mazibuko</b>	<b>Town Planner Officer</b>
		<b>L. Mzizi</b>	<b>National Dpt of Public Works</b>
		<b>R. Thomson</b>	<b>Black Balance</b>
		<b>E. Radebe</b>	<b>ANC Councillor</b>

Items	Minutes	Action & Time frame
<b>8.</b>	<b>APPROVAL OF 2013/2014 FINAL BUDGET &amp; BUDGETED RELATED POLICIES</b> The resolution was taken in the Special Council Meeting that was held on the 28 <sup>th</sup> May 2013 at Arms Hotel, Himeville.	

ANNUAL BUDGET

	<p>Cllr Mqwambi <b>PROPOSING</b> and Cllr Majozi <b>SECONDING</b>, it was</p> <p><b>RESOLVED NO. 45 MAY 2013</b></p> <ul style="list-style-type: none"> <li>• Council approves the 2013/2014 Final Budget</li> <li>• Council approves the following budget related policies:</li> </ul> <ol style="list-style-type: none"> <li>1. RATES POLICY</li> <li>2. RATES BY-LAWS</li> <li>3. SUPPLY CHAIN MANAGEMENT POLICY</li> <li>4. SUBSISTENCE AND TRAVEL POLICY</li> <li>5. TARIFFS POLICY</li> <li>6. FUNDING COMPLIANCE POLICY</li> <li>7. BUDGET POLICY</li> <li>8. POLICY ON INFRASTRUCTURE INVESTMENTS AND CAPITAL PROJECTS</li> <li>9. POLICY ON LONG TERM FINANCIAL PLANNING</li> <li>10. BANKING AND INVESTMENT POLICY AND</li> <li>11. BORROWING POLICY</li> <li>12. CREDIT CONTROL AND DEBT COLLECTION POLICY</li> <li>13. ASSET MANAGEMENT POLICY</li> <li>14. DEBT MANAGEMENT POLICY</li> <li>15. VIREMENT POLICY</li> <li>16. INDIGENT POLICY</li> <li>17. TRANSPORT POLICY</li> </ol>	
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I confirm the above to be a true extract of the minutes.

  
**N.C. JONES**  
**MUNICIPAL MANAGER**

30/05/2013  
 Date

**EXTRACT OF MINUTES OF KWA SANI SPECIAL COUNCIL MEETING HELD ON THE 28TH MAY 2013 AT 10H00 IN ARMS HOTEL, HIMEVILLE.**

<b>Present:</b>	<b>Cllrs</b>	<b>M. Banda</b>	<b>ANC Mayor</b>
		<b>S. Mqwambi</b>	<b>ANC Councillor</b>
		<b>P. Majozi</b>	<b>ANC Councillor</b>
		<b>N. Mncwabe</b>	<b>ANC Councillor</b>
		<b>P. Crawley</b>	<b>DA Councillor</b>
		<b>D. Adam</b>	<b>DA Councillor</b>
<b>Mesdames</b>		<b>N. James</b>	<b>Municipal Manager</b>
		<b>S. McAlister</b>	<b>Community Services Manager</b>
		<b>N. Zondi</b>	<b>Corporate Services Manager</b>
		<b>L. Mhlophe</b>	<b>IDP/PMS Officer</b>
		<b>T. Ngobese-Zulu</b>	<b>Committee Clerk</b>
<b>Merr's</b>		<b>T. Mketsu</b>	<b>CFO</b>
		<b>B. Ntshiza</b>	<b>Special Programmes Officer</b>
		<b>S. Zondi</b>	<b>Acting HR Manager</b>
		<b>P. Mtungwa</b>	<b>Budget Control Officer</b>
		<b>J. Mazibuko</b>	<b>Town Planner Officer</b>
		<b>L. Mzizi</b>	<b>National Dpt of Public Works</b>
		<b>R. Thomson</b>	<b>Black Balance</b>
<b>Leave of Absence</b>		<b>E. Radebe</b>	<b>ANC Councillor</b>

Items	Minutes	Action & Time frame
<b>9.</b>	<b>2013/14 IDP</b> The resolution was taken in the Special Council Meeting that was held on the 28 <sup>th</sup> May 2013 at Arms Hotel, Himeville. Cllr Mqwambi <b>PROPOSING</b> and	

	<p>Cllr Banda <b>SECONDING</b>, it was</p> <p><b>RESOLVED NO. 46 MAY 2013</b></p> <ul style="list-style-type: none"> <li>To approve the 2013/2014 IDP in principle.</li> </ul>	
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I confirm the above to be a true extract of the minutes.

  
**N.C. JAMES**  
**MUNICIPAL MANAGER**

  
**Date**